



**DRAKENSTEIN**

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

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# Annual Report

## 2020/21

*This Annual Report is compiled in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*

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## GLOSSARY

Definitions	
<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor-General.
<b>Approved Budget</b>	The annual budget for a year, as approved by Council.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.

Definitions	
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Sets out municipal goals and development plans.
<b>National Key Performance Areas</b>	Five national key performance areas are: <ul style="list-style-type: none"> <li>• Service delivery and infrastructure;</li> <li>• Economic development;</li> <li>• Municipal transformation and institutional development;</li> <li>• Financial viability and management; and</li> <li>• Good governance and community participation.</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required

Definitions	
	result should be. In this employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.
<b>Performance Targets</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery and Budget Implementation Plan</b>	Detailed plan annually approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>"(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."</i></p>

## ACRONYMS

Acronyms	
<b>AAPAM</b>	Association of African Public Administration and Management
<b>AC</b>	Audit Committee
<b>ACDP</b>	African Christian Democratic Party
<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ANC</b>	African National Congress
<b>APC</b>	Appeal Committee
<b>APR</b>	Annual Performance Report
<b>AQMP</b>	Air Quality Management Plan
<b>ASB</b>	Accounting Standards Board
<b>ASNAPP</b>	Agribusiness in Sustainable Natural African Plant Products
<b>ASNAPP</b>	Agribusiness in Sustainable Natural African Plant Products
<b>CAE</b>	Chief Audit Executive
<b>CBD</b>	Central Business District
<b>CCAP</b>	Climate Change Adaption Plan
<b>CFO</b>	Chief Financial Officer
<b>CIGFARO</b>	Chartered Institute of Government Finance Audit and Risk Officers
<b>CLLR</b>	Councillor
<b>CM</b>	City Manager
<b>CPIP</b>	Capital Projects Implementation Plan
<b>CRO</b>	Chief Risk Officer
<b>CSIR</b>	Council for Scientific and Industrial Research
<b>DA</b>	Democratic Alliance
<b>DCAS</b>	Department of Cultural Affairs and Sport
<b>DEA</b>	Department of Environmental Affairs
<b>DEA &amp; DP</b>	Department of Environmental Affairs and Development Planning
<b>DLTA</b>	Drakenstein Local Tourism Association
<b>DM</b>	Drakenstein Municipality
<b>DoA</b>	Department of Agriculture
<b>DoRA</b>	Division of Revenue Act
<b>DRDLR</b>	Department of Rural Development and Land Reform
<b>DRDLR</b>	Department of Rural Development of Land Reform
<b>ECD</b>	Early Childhood Development
<b>EEA</b>	Employment Equity Act
<b>EFF</b>	Economic Freedom Fighters
<b>EIA</b>	Environmental Impact Assessment
<b>EPWP</b>	Expanded Public Works Programme
<b>FARMCO</b>	Fraud-and-Risk Management Committee

Acronyms	
<b>FD</b>	Federation of Democrats
<b>FEIR</b>	Final Environment Impact Report
<b>FRM</b>	Fraud Risk Management
<b>GIS</b>	Geographic Information System
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>GV</b>	General Valuation
<b>GVA</b>	Gross Value Added
<b>HIV</b>	Human Immunodeficiency Virus
<b>HR</b>	Human Resources
<b>IAS</b>	Invasive Alien Species
<b>ICOSA</b>	Independent Civic Organisation of South Africa
<b>ICT</b>	Information and Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IEM</b>	Integrated Environmental Management
<b>IERM</b>	Institute of Environment and Recreation Management
<b>IGR</b>	Inter-Governmental Relations
<b>ILASA</b>	Institute for Landscape Architecture in South Africa
<b>INEP</b>	Integrated National Electrification Funding
<b>IOD</b>	Injury on Duty
<b>IRDP</b>	Integrated Residential Development Program
<b>IRM</b>	Integrated Risk Management
<b>ISAMAO</b>	Institute of South African Municipal Accounting Officers
<b>ISSP</b>	Informal Settlements Support Programme
<b>ITP</b>	Integrated Transport Plan
<b>IWMP</b>	Integrated Waste Management Plan
<b>JSE</b>	Johannesburg Stock Exchange
<b>KFA</b>	Key Focus Area
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Local Economic Development
<b>LLF</b>	Local Labour Forum
<b>LSDF</b>	Local Spatial Development Framework
<b>MFMA</b>	Municipal Finance Management Act
<b>MGRO</b>	Municipal Governance Review and Outlook
<b>MICE</b>	Meetings, Incentives, Conferences and Exhibitions
<b>MIG</b>	Municipal Infrastructure Grant
<b>MMCs</b>	Members of the Mayoral Committee
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MPRA</b>	Municipal Property Rates Act

Acronyms	
<b>MSA</b>	Municipal Systems Act
<b>mSCOA</b>	Municipal Standard Chart of Accounts
<b>NBR</b>	National Building Regulations
<b>NEMAQA</b>	National Environmental Management Air Quality Act
<b>NEMBA</b>	National Environmental Management: Biodiversity Act
<b>NERSA</b>	National Energy Regulator of South Africa
<b>NGO</b>	Non-Governmental Organisation
<b>NPO</b>	Non-Profit Organisation
<b>NQF</b>	National Qualification Framework
<b>PDM</b>	Peoples Democratic Movement
<b>PMS</b>	Performance Management System
<b>PMS</b>	Pavement Management System
<b>PPP</b>	Public Private Partnership
<b>RBIG</b>	Regional Bulk Services Infrastructure Grant
<b>RLEDF</b>	Regional Local Economic Development Forum
<b>SAHRA</b>	South African Heritage Resources Agency
<b>SALGA</b>	South African Local Government Association
<b>SAN</b>	Storage
<b>SAPS</b>	South African Police Service
<b>SATSA</b>	South African Tourism Association
<b>SATSA</b>	South African Tourism Services Association
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SDLC</b>	Systems Development Life-Cycle
<b>SEAR</b>	Sustainable Ecological and Agricultural Resource
<b>SEDA</b>	Small Enterprise Development Agency
<b>SEM</b>	Staff Employee Monitoring
<b>SMMEs</b>	Small Medium and Micro Enterprises
<b>SMT</b>	Strategic Management Team
<b>SO</b>	Strategic Objective
<b>SOER</b>	State of Environment Report
<b>SOP</b>	Standard Operating Procedure
<b>SPCA</b>	Society for the Prevention of Cruelty to Animals
<b>STATSSA</b>	Statistics South Africa
<b>SV</b>	Supplementary Valuation
<b>TASK</b>	Tuned Assessment of Skills and Knowledge
<b>TMP</b>	Transportation Master Plan

Acronyms	
<b>TRANCRAA</b>	Transformation of Certain Rural Areas Act, Act 94 of 1998
<b>UIF</b>	Unemployment Insurance Fund
<b>UISSP</b>	Upgrade of Informal Settlements Support Programme
<b>VF+</b>	Vryheidsfront Plus
<b>VPUU</b>	Violence Prevention through Urban Upgrading Programme
<b>WTE</b>	Waste-to-Energy
<b>WTW</b>	Water Treatment Works
<b>WWTW</b>	Waste Water Treatment Works

## 1. EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

#### 1.1 EXECUTIVE MAYOR'S FOREWORD

In 2017, Council adopted its Vision 2032 strategy in recognition of Drakenstein Municipality's secondary city status and the need to meet the requirements of our rapidly changing and growing city. The Vision, which encapsulates our drive for excellence, is aligned to the Provincial Growth and Development Strategy and the National Development Plan. It seeks to create an enabling environment for growth; development; employment and job creation; enhancing the quality of life of our residents; maintaining good corporate governance; and, sound financial management.

This Annual Report reflects on the performance of Drakenstein Municipality for the 2020/21 financial year. The year under review has proven to be one more challenging than previous years as we were all still dealing with the effects of COVID-19, a global pandemic that resulted in a national lockdown that was implemented in March 2020 and was still in place on 30 June 2021.

Drakenstein Municipality with its vision of a City of Excellence was not immune to the effects of the national lockdown. The lockdown brought with it a decline in revenue collection and a reduction in national and provincial grants. During this time local government also had to assist with providing services which fell outside local government competencies. What 2020/21 showed us, is just how resilient Drakenstein Municipality is. The Municipality kept on providing services to the community in a financially sustainable manner, while facing various challenges.

Good governance entails addressing the needs of the public through consultation and communication; and being accountable to the citizens of Drakenstein as required by the Municipal Systems Act, 2000 (Act 32 of 2000). Council undertook a number of processes to achieve this goal, including establishing ward committees; issuing monthly newsletters and press releases; communicating via social media and online platforms such as the municipal website; and holding consultative meetings with a wide range of stakeholders. Accountability is enforced through performance contracts signed by the Members of the Mayoral Committee (MMCs) and senior management, and is monitored by the Executive Mayor and Council on a monthly basis.

The 2016 Community Survey Report from Statistics South Africa (STATSSA) indicates that the population of Drakenstein has reached 280,195 making up 71,686 households. Drakenstein's population has grown to an estimated 305,281 persons as per a report by the Western Cape



Government, dated 3 July 2020. Households have increased to an estimated 74,230. Drakenstein's unemployment figure is estimated at 25% of the economically active population. The growth in population goes hand in hand with various challenges, in particular the ongoing demand for state-provided accommodation. The Municipality has a verified waiting list of 20,371 persons compared with a total waiting list of 42,463 persons seeking housing assistance. The Municipality has responded by planning and rolling out a number of projects, including the Vlakkeland project (some 2,556 mixed typology and affordability opportunities) and the Erf 16161 Development (1,978 GAP and social rental opportunities).

To develop a vibrant and resilient economy, a number of projects have been launched to promote the industrial, financial and commercial sectors. Given the need to focus and maximise our resources, five catalytic zones were identified throughout Drakenstein, namely: the N1 Corridor; South City Corridor; Paarl East/West Integration Corridor; North City Corridor; and the Hinterland catalytic zones. Development and resources will be concentrated in these zones over the next 15 years.

The Annual Report for 2020/21 provides detail on various infrastructure projects being undertaken to facilitate the envisioned accelerated growth. These projects are only possible through strategic partnerships with other spheres of government, the private sector and the community of Drakenstein, without which we cannot meet the challenges that we face.

I remain grateful to Council, the Deputy Executive Mayor, the Mayoral Committee and the City Manager, all of whom continue to guide our staff, resources and operations to make Drakenstein a City of Excellence.

**ALD CONRAD POOLE**  
**EXECUTIVE MAYOR**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.2 CITY MANAGER'S OVERVIEW

Drakenstein Municipality is a Category B municipality with powers and functions assigned in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, 1996 (local government matters referred to in Schedules 4 and 5). These powers and functions are exercised subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 and Chapter 3 of the Local Government Municipal Systems Act, 32 of 2000. The Municipality covers an area of 1,538 km<sup>2</sup> and consists of 33 wards. It comprises of 5 towns of which, Paarl and Wellington, are the primary urban nodes.

In presenting the 2020/21 Annual Report we affirm that Drakenstein Municipality has made massive strides towards its vision of “*A city of excellence*”, guided by the values of transparency, excellence, responsiveness, accountability, accessibility and integrity, supported by the following strategic objectives:

- To ensure good governance and the active participation of all relevant stakeholders;
- To ensure financial sustainability in order to meet the statutory requirements;
- To transform the municipality into an effective and efficient organisation;
- To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services;
- To plan and facilitate sustainable and inclusive economic growth and development;
- To ensure a safe community and a healthy and protected environment; and
- To facilitate social and community development.

Drakenstein received a clean audit opinion from the Auditor General for the 2020/2021 financial year. This is our fourteenth (14<sup>th</sup>) consecutive unqualified audit opinion and seventh (7<sup>th</sup>) clean audit, currently we are the largest municipality in the Western Cape with a clean audit. This bears testament to good governance and sound financial management.

The overall financial performance of the Municipality in 2020/2021 confirms sound financial management and fiscal discipline. In previous financial years, increased capital infrastructure investment funded through borrowing was necessary to unlock economic growth and cater for future demand.

The 2020/21 financial year realised an operating surplus of R101,3 million as opposed to the budgeted surplus of R77,1 million, mainly due strict cost containment and expenditure control measure. The municipality's current assets exceeded current liabilities in the year under review, this is an improvement from the 2019/20 financial year where the municipality had a net current liability position. The cash and cash equivalent balances increased from R80,6 million

on 30 June 2020 to R138,8 million on 30 June 2021 and the gearing ratio decreased from 68.68% on 30 June 2020 to 63.67% on 30 June 2021. Employee related costs stood at 28.86% of the total expenditure and debtor collection days improved from 50 days the previous year to 43,4 days for the year under review and the debt collection ratio improved from 93.9% the 2019/20 financial year to 98.6% for the year under review. There were no incidents of unauthorized or fruitless and wasteful expenditure.

From an economic perspective Drakenstein was negatively affected by the COVID-19 Lockdown, with the local economy declining by more than R600 million in revenue. The impact on the local economy and the loss of income suffered by households, businesses and government were severe. Approximately 6 500 jobs were lost, primarily in the tourism, construction and informal sectors.

Despite various challenges, the municipality continued to provide the necessary services and ensured that the 41 registered informal settlements in Drakenstein, all had access to waste removal, sanitation and clean drinking water. The burden on the municipal budget, services and infrastructure has however increased as approximately 57% of the population are impoverished. To address unemployment and poverty it is important to grow the economy and create much needed job opportunities.

Throughout the financial year, we encouraged and maintained a positive payment culture through the effective implementation of credit control. This is evident in the ability of the Municipality to fund its operations and service its debts. We remain steadfast in our commitment to provide affordable and quality services in an efficient and effective manner to all our residents.

**DR JOHAN LEIBBRANDT**  
**CITY MANAGER**

## **1.3 MUNICIPAL OVERVIEW**

Drakenstein Municipality is the second largest municipality in the Western Cape, 18th top municipality in South Africa and 10th Secondary City in terms of the budget size. The Municipality is characterised by scenic landscape, precious natural and cultural heritage, quality educational institutions and sporting facilities, thriving agricultural economy and unrivalled access to the regional and logistics networks.

### **1.3.1 Vision 2032**

In broad terms the vision statement expresses the type of city we envisage for the future: ***“A city of excellence.”***

### **1.3.2 Values**

The Long-term Strategic Plan (Vision 2032) is grounded in the following values which define the character of Drakenstein Municipality and can be observed in the conduct of the leadership and employees as they perform the mandate and responsibilities bestowed upon them:

- Transparency;
- Excellence;
- Responsiveness;
- Accountability;
- Accessibility; and
- Integrity.

### **1.3.3 Demographics and socio-economic information**

This section provides a succinct overview of the socio-economic status of Drakenstein Municipality. This profiling is important to assist the Municipality when determining the optimal allocation of resources between the municipal wards and across the population in a manner that provides and assures sustainable growth and equity.

Most importantly, the socio-economic information below compliments and informs the Integrated Development Plan (IDP) to ensure effective use of resources, improved service delivery, attract additional funding and strengthen democratic values.

### 1.3.3.1 Socio-Economic Status information

According to Quantec Research, the unemployment rate in Drakenstein was estimated to be 20.1% in 2020, from 14.2% in 2019 and 23.0% in 2018. Youth unemployment in Drakenstein is estimated to have increased to 20.71% in 2020, from 20.05% in 2019 and 18.67% in 2018. A high unemployment rate is often associated with the number of illiterate people.

The Gini coefficient is a statistical measure of income or wealth distribution within a geographic boundary. The coefficient ranges from 0, perfect equality, to 1, total inequality. A higher coefficient means greater inequality. In 2020 the Gini coefficient in the municipal area was calculated to be 0.605, an increase from 0.603 in 2019 and 0.601 recorded for 2018. The rising income inequality can be attributed to the increase in unemployment as well as low salaries earned by the working age population in low-skilled employment.

**Table 1: Socio-Economic Status**

Socio-Economic Status						
Serial No.	Year	Unemployment rate	Youth unemployment	Percentage of working age population in low skilled employment	Gini coefficient	Illiterate people older than 20 years
Column Ref.	A	B	C	D	E	F
1	2018/19	*23.0%	18.67%	17.4%	0.601	15.74%
2	2019/20	*14.2%	20.05%	17.2%	0.603	16.83%
3	2020/21	*20.1%	20.71%	15.8%	0.605	17.12%

Sources: Quantec Research 2021, IHS Markit Regional eXplorer 2021

*\*With the seasonality of many jobs available in Drakenstein, the unemployment rate should not only be based on persons who are actively seeking work as per the official definition of unemployment. Based upon the extended definition of unemployment and research undertaken by the Economic Growth Division, it is estimated that the unemployment rate for the municipal area could be about 25%.*

### 1.3.3.2 Demographic Profile

Quantec Research estimated the total population for Drakenstein in 2020 to be 290 485, up from 285 008 in 2019. However, a report by the Western Cape Government in 2020 estimated the population for the municipal area to be 305 281. This is close to the population of 304 590 projected for 2023 by the Department of Social Development. A shift in the population creates many opportunities for growth and development. Channelled properly, it may be a source of labour for different economic sectors and also provides a market for produced goods.

The table below provides a snapshot of Drakenstein's estimated population by gender and age distribution based on Quantec Research.

**Table 2: Population Details**

Population Details										
Serial No.	Age	2018/19			2019/20			2020/21		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	0-4	12,515	12,176	24,691	12,674	12,344	25,018	12,836	12,518	25,354
2	5-9	12,535	12,263	24,798	12,457	12,212	24,669	12,372	12,156	24,528
3	10-14	11,867	11,615	23,482	12,223	11,992	24,215	12,488	12,268	24,756
4	15-19	10,962	10,668	21,630	11,118	10,789	21,907	11,304	10,968	22,272
5	20-29	25,287	24,035	49,322	25,137	23,986	49,123	25,098	24,032	49,130
6	30-39	24,511	23,852	48,363	25,530	24,712	50,242	26,376	25,447	51,823
7	40-49	16,894	18,373	35,267	17,194	18,534	35,728	17,660	18,880	36,540
8	50-59	11,979	15,045	27,024	12,395	15,492	27,887	12,817	15,932	28,749
9	60-69	6,627	9,480	16,107	6,800	9,917	16,717	7,001	10,358	17,359
10	70+	3,358	5,754	9,112	3,464	6,038	9,502	3,591	6,383	9,974
11	Totals	136,535	143,261	279,796	138,992	146,016	285,008	141,543	148,942	290,485

Source: Quantec, 2020

Note: The Western Cape Government's 2019 population figure for Drakenstein is **305 281** has not been used in the table above as it could not be disaggregated per age group and gender for 2018 as well as 2019.

### 1.3.3.3 Household Profile

The table below shows the number of households by different ethnic groups. In 2020/21, the Coloured households represented 56.5% of the total households in Drakenstein, followed by Black African and White households, accounting for 26.8% and 16.2% respectively.

**Table 3: Household breakdown by ethnic group**

Household breakdown by ethnic group						
Serial No.	Ethnic Group	2018/2019	2019/2020	% share 2019/2020	2020/2021	% share 2020/2021
Column Ref.	A		E	F	E	F
1	Black African	18044	20049	26.44%	20418	26.80%
2	Coloured	36024	43006	56.70%	43064	56.52%
3	Indian or Asian	226	300	0.39%	320	0.42%
4	White	11364	12492	16.48%	12394	16.27%
5	Total	65658	75800	100%	76196	100%

Source: Quantec Research, 2020

Note: Quantec data is regularly updated and figures may be different from those previously reported

### 1.3.3.4 Labour Profile

There was a decrease in the total number of people employed within the Drakenstein municipal area, from 112,599 jobs in 2019 to 106,147 jobs in 2020. The decrease in jobs does not augur well for the municipality as it means more people have no income to pay for services rendered by the municipality. Job decreases were recorded in nine of the ten sectors of the economy, with the most jobs shed by the wholesale, retail trade, catering and accommodation (1568 jobs) followed by the community, social and personal services (1525 jobs); construction (908 jobs); finance, insurance, real estate and business services (855 jobs); manufacturing (785 jobs)

and agriculture (752 jobs). These job losses were largely due to the economic lockdown imposed by government in a bid to reduce the spread of the COVID 19 pandemic.

**Table 4: Employment by Sector**

Employment by Sector				
Serial No.	Sector	Number of jobs		
		2018/2019	2019/2020	2020/2021
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	18,651	18,536	17,784
2	Mining and quarrying	81	77	68
3	Manufacturing	9,432	9,242	8,457
4	Electricity, gas and water	355	357	350
5	Construction	7,663	7,155	6,247
6	Wholesale, retail trade, catering and accommodation	24,795	25,493	23,925
7	Transport, storage and communication	3,737	3,878	3,718
8	Finance, insurance, real estate and business services	17,929	18,109	17,254
9	General government	11,887	12,098	12,215
10	Community, social and personal services	17,728	17,654	16,129
11	<b>Total</b>	<b>112,258</b>	<b>112,599</b>	<b>106,147</b>

Source: Quantec Research, 2021

Note: Quantec data is regularly updated and figures may be different from those previously reported.

In total, 6,452 jobs were shed in 2020 across the nine economic sectors. Only the general government sector recorded an increase of 117 jobs in 2020.

### **1.3.3.5 Economic Profile**

The value of the Drakenstein economy decreased from R22,8 billion in 2019 to R22,2 billion in 2020 due to the economic lockdown. The table below indicates the municipal Gross Value Added (GVA) at basic prices. The economic sectors that contributed the most to the Drakenstein economy in 2020/21 were finance, insurance, real estate and business services (R4.9 billion or 21,9%); wholesale, retail trade, catering and accommodation (R4.03 billion or 18,1%); manufacturing (R3.32 billion or 14,9%), general government (R2.67 billion or 11,9%) and Community, social and personal services (R1.97 billion or 8.8%). Economic activity per sector is listed in Table 5 below.

**Table 5: Value of Economic Activity by Sector**

Employment Activity by Sector				
Serial No.	Sector	R' 000 000		
		2018/2019	2019/2020	2020/2021
Column No.	A	B	C	D
1	Agriculture, forestry and fishing	1,440	1,307	1,549
2	Mining and quarrying	60	63	56
3	Manufacturing	3,330	3,418	3,322
4	Electricity, gas and water	595	626	600
5	Construction	1,685	1,728	1,405
6	Wholesale, retail trade, catering and accommodation	4,005	4,236	4,025
7	Transport, storage and communication	1,904	1,968	1,753
8	Finance, insurance, real estate and business services	4,688	4,928	4,890
9	General government	2,437	2,538	2,667
10	Community, social and personal services	1,878	1,983	1,967
11	<b>Total</b>	<b>22,022</b>	<b>22,795</b>	<b>22,239</b>

Source: Quantec Research, 2021

Note: Quantec data is regularly updated and figures may be different from those previously reported.

### 1.3.3.6 Safety and Security Profile

From the table below, it is evident that contact crime is a major problem in 2020, it shows a slight decrease on sexual offences and drug related crimes. Poverty, parental neglect, low self-esteem, alcohol and drug abuse are all connected in explaining why people commit crimes.

**Table 6: Safety and Security Statistics**

Safety and Security Statistics				
Serial No.	Crime	Year		
		2018	2019	2020
Column Ref.	A	B	C	D
1	Murder	98	141	86
2	Sexual offences	382	321	250
3	Drug-related crime	3,998	2,494	2,344
4	Burglary residential premises	1,606	1,548	1,342
5	Driving under the influence of alcohol or drugs	165	138	126

Source: <https://www.saps.gov.za/services/crimestats.php>



### **1.3.3.7 Environment**

Drakenstein Municipality is situated within the unique natural environment of the Cape Floristic Region, a biodiversity hotspot and one of only six floral kingdoms found anywhere on Earth. It is important to note that the natural environment forms the basis on which our economic and social systems depend. If Drakenstein Municipality is to continue to provide a stimulating environment for residents that promotes health and well-being and a flourishing economic base, it is imperative that natural resources and ecosystems are utilised in a sustainable manner. While the natural environment of Drakenstein is still in a relatively good state, some indicators are showing that the current state of the environment is under threat. These threats are caused by habitat destruction, alien invasive species, pollution to the environment and climate change which all need attention. Drakenstein Municipality will continue to monitor the state of the environment and develop new responses to counter these threats in order to ensure that the unique character of the environment is preserved for future generations to come.

### **1.3.3.8 The Impact of the COVID-19 Pandemic**

#### **1.3.3.8.1 Internal Audit**

The COVID-19 pandemic has altered the municipality's risk profile with additional risks and response plans added to the risk register. The 2020/21 Internal Audit Plan priorities took these changes into account and included 3 audit areas focusing on risks brought about by the pandemic. These audit areas included:

- Utilisation of COVID-19 Grants;
- Food Security;
- Occupational Health and Safety; and
- Business Continuity Planning.

The outcomes of these audits were communicated to management and action plans were agreed to further strengthen the municipality's system of internal control in these areas.

#### **1.3.3.8.2 Department: Corporate Services**

During the reporting period from 1 July 2020 to 30 June 2021 one hundred and seventy-three of Drakenstein Municipality's staff tested positive for the COVID-19 virus. Regrettably four staff members passed for whom the cause of their death was reported as resulting from COVID-19. The rest of the positive cases all recovered from the virus but a few of the employees who made a recovery suffered long after from effects identified to be COVID-19 related.

It was compulsory for all positive persons to self-isolate at home for at least 10 days. In accordance with the municipality's Conditions of Service staff members were awarded special quarantine leave for the 10-day period of compulsory self-isolation. For some of the positive cases other staff members were identified as having been in close contact with the positive person and they had to isolate for five days whilst monitoring for symptoms. The municipality through its EAP Officer followed up with positive cases whilst in isolation in order to check on their recovery and to offer support.

In line with the promulgated Regulations applicable to workplaces, the municipality has implemented a range of COVID-19 pre-cautionary measures and protocols in order to safeguard our staff and to prevent as far as possible the spread of the virus in the workplace. The implemented COVID-19 protocols and precautionary measures will remain in place until such time as the pandemic is over.

#### 1.3.3.8.3 Department: Planning and Development

The Drakenstein Economy shrunk by R600 million (or -2.6%) from a total value of R22.8 billion in 2019 to an estimated R22.2 billion in 2020, according to latest Gross Value Added data released by Quantec. Significant decreases in income were recorded in four sectors of the Drakenstein economy in 2020, namely construction (-R323 million or -19%); transport, storage and communication (-R215 million or -11%); wholesale and retail trade, catering and accommodation (-R211 million or -5%) and manufacturing (-R96 million or -2.8%). The tourism, manufacturing, retail trade and transport sectors accounted for more than 80% of the revenue losses.

Only the agriculture and general government sectors reported increases in income in 2020, (R242 million and R129 million respectively) while the finance, insurance, real estate and business services as well as community services held their own, recording marginal decreases in income (-0.1% and -0.3%) between 2019 and 2020.

In total, 6,452 jobs were shed in 2020 across the nine economic sectors. Only the general government sector recorded an increase of 117 jobs in 2020. The tourism, construction and the informal sectors accounted for more than 70% of job losses. The Drakenstein Economy shrunk by R600 million (or -2.6%) from a total value of R22.8 billion in 2019 to an estimated R22.2 billion in 2020, according to latest Gross Value Added data released by Quantec. Significant decreases in income were recorded in four sectors of the Drakenstein economy in 2020, namely construction (-R305 million or -18%); transport, storage & communication (-R219 million or -11%); wholesale and retail trade, catering and accommodation (-R204 million or -4.8%) and manufacturing (-R164 million or -4.7%). The tourism, manufacturing, retail trade and transport sectors accounted for more than 80% of the revenue losses;

Only the agriculture and general government sectors reported increases in income in 2020, (R286 million and R108 million respectively) while the finance, insurance, real estate and business services as well as community services held their own, recording marginal decreases in income (-0.1% and -0.3%) between 2019 and 2020.

In total, 6,452 jobs were shed in 2020 across the nine economic sectors. Only the general government sector recorded an increase of 117 jobs in 2020. The tourism, construction and the informal sectors accounted for more than 70% of job losses.

#### 1.3.3.8.4 Department: Engineering Services

The COVID-19 Pandemic also had a negative impact on the provision of water and sanitation services in Drakenstein Municipality during the last financial year, which included the following:

- The duration of construction work for capital projects took longer, because companies had to adapt their construction plans to ensure the work continues safely and sometimes with fewer workers.
- Operational personnel had to be issued with PPE and received training on good hygiene practices to prevent the spread of COVID-19.
- Addressing complaints and response to queries sometimes took longer, because fewer personnel were available. Personnel that tested positive or that were in contact with a person with COVID-19 had to go in quarantine, which impacted negatively on service delivery.
- Shifts of Process Controllers at the Water and Wastewater Treatment Plants had to be adjusted if the Operational Personnel or the Process Controllers at the plants tested positive for COVID-19.
- Emergency water and sanitation services had to be provided in some of the informal areas in order to ensure adequate water and sanitation services for healthy living conditions.

The Solid waste and Landfill Management Division was fully operational throughout the lockdown period to ensure continuous service delivery. Plant and equipment from other sections who were not operational during lockdown level 5, were used to address the backlog experienced in clearing illegal dumping. Unfortunately, the division lost 2 colleagues during the pandemic which resulted in a critical position being vacant.

#### 1.3.3.8.5 Department: Community Services

The COVID pandemic required that the Drakenstein Municipality had to re-evaluate how resources were used and how it would respond to the numerous challenges brought about by the COVID pandemic.

The Community Development Section was responsible for establishing three shelters at Wellington, Huguenot Hall and the Paarl East Thusong Centre. These shelters housed approximately 170 street people for a period of 7 months. At the shelters, these people were provided with three meals a day, three blankets, public ablution facilities, cleaning materials, COVID compliant secure spaces, sanitizer, masks etc. Staff screening, wearing of face masks was compulsory and PPE resources was provided including a thermometer. The section also contributed to the food and nutrition outreach initiative by providing food parcels to poor families in 33 wards. This was provide over and above the 11 soup kitchens that provide an average of 300 meals per day.

Meetings were held with Department of Social Development and other stakeholders regarding homeless people in order to finalise the reunification process. The reunification process of the homeless people at Antoniesvlei Holiday Resort has taken place. The people accommodated within the temporary shelter was reunited with their respective families. We assisted them with job opportunities and reintegration into the mainstream working class. On 10 September 2020 all homeless people were successfully reconnected with their families however many also chose to return to the streets. 13 people were accommodated within The Haven Night Shelter and 17 individuals were reconnected with their families.

The pandemic had various detrimental social impacts with specific reference to gender based violence and teenage pregnancies. The matter was raised a necessity at the Health Forum. This together raised the necessity to implement a programme of outreach with various other stakeholders on Gender Based Violence and teenage pregnancies. Similarly, substance abuse has presented various challenges during the pandemic in that children are exposed to habit forming and dangerous substances

At the end of March 2020 all libraries closed its doors to the public, during the total lockdown announcement and resumed services with the shift to alert level 3 restrictions, with the provision of curbside and online services to patrons. All interactive in-person library programmes were cancelled. Libraries started with limited walk-in services and limited open hours. This pandemic had devastated effects on library use and circulation of library items. During this time library staff came up with creative and innovative ways to keep library services accessible to our patrons. Use of social media platforms became the conduit to promote reading and do online applications for book requests, curbside provision started as a pick up and go service. Staff did book reviews, made recommendations, did online storytelling and book reading for patrons via Facebook. The epidemic open up new and creative ways of providing a library service to our communities.

The pandemic affected the Parks Section in a variety of ways, specifically the use of public facilities and the impact it had on service delivery in respect of working hours and logistics around transporting of staff and accommodation of staff at depots. The Pest Control Team were

also used to assist with the fogging of buildings where a COVID positive case was reported. In these instances, buildings were fogged after hours and came with a cost implication for overtime.

Public facilities such as the Arboretum, Paarl Mountain Nature Reserve and Community Parks were closed at times or subject to limited access according to the regulations. With the presence of COVID-19 staff had to perform differently, which include the sanitising of hands, taking of temperature and managing social distancing. Staff used the “quiet time” to do maintenance, upgrades, and the installation of signage and minor repairs.

The Park teams had to rethink how staff was to be transported during working hours in order to maintain social distancing. Staggered working times, “stukwerk” and the placement of staff at satellite locations relieved the gathering of staff at depots. On rainy days, staff rotation was implemented at depots. Where work backlogs were created due to the adjusted level 4 regulations, as well as the extended rainy season, overtime was approved under a controlled environment.

The morale of the Cemeteries and Resorts staff was very low as they worked non-stop since lock down alert level 5 was announced in 2020. Staff was fatigued as their workload doubled with no extra human resources and were more susceptible to illness, they felt burnt-out and close to breaking point. Due to illnesses and COVID positive cases resort staff was expected to fill the gap which could result as a liability for the municipality should injuries outside the job description scope occurred. Little to no maintenance as all available staff was working at the cemeteries.

The morale of the Sport and Recreation staff was and is still low due to, loss of lives of their loved ones and even colleagues. Staff are urged to work in smaller groups and to take full cognizance of the importance of social distance, sanitising etc. Staff are also now encouraged to vaccinate. Limited supply of materials

No staff worked on sport fields during hard lock down only limited staff during level four due to rotational work. This was an opportunity to maintain the sport fields as there was less or no feet on sport fields. Due to the regulations at the order of the day albeit level 4, level 3 or level 2 swimming pools could not operate to its full capacity. Upgrades was done to Drakenstein and Mbekweni swimming pools and these projects could be completed without any interruption. The limitation of access to sport fields and sport halls as part of the regulations of the pandemic was a problem but it gives an opportunity to explore and implement the adjustment of tariffs and explore new tariffs.

COVID -19 Preparedness and Operational Plans: The announcements of the State President and the continuous adjusted levels of lockdown placed us again in unprecedented territory and

necessitated an emergency response plan to manage the effects of the COVID 19 pandemic in our municipal area. The plan focused on the following key areas:

- Fire Services continued their service as an essential service provider. Staff were reasonably successful in complying with COVID safety rules and regulations and as a result allowed a reasonable fire service to be rendered to the community at large. All fire stations could be manned and be in a state of emergency preparedness to respond at any given time.
- Local JOC meetings were held once a week to discuss operational activities and provide support services to important role-players.
- District JOC meetings once a week to provide feedback of operational plans implemented.
- Stakeholder engagement to promote good interdepartmental working relationships and to share knowledge and resources.

Law Enforcement together with Fire Services continued to focus much on enforcement of the regulations at hot spot areas in specific shopping centres to ensure social distancing etc. loud hailing and awareness campaigns by all role players in the communities were critical and well executed.

The Department of Health actively engaged in community screening on a daily basis throughout the municipal area. The scheduled vaccination programme received a high priority and is being driven by a very dynamic and committed team of the Department of Health.

Currently Middelplaas is still operating as a quarantine site.

#### 1.3.3.8.6 Department: Financial Services

Largely the economic shock brought on by COVID and the related lockdown and the negative effect on the Municipalities' finances at the end of the 2019/20 financial year had been overcome by the end of the 2020/21. Refer to the section 1.5 on the Financial Health of the Municipality.

## **1.4 SERVICE DELIVERY OVERVIEW**

One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the community of Drakenstein Municipality is water, waste water, electricity, waste management and roads and stormwater. Other services are planning and economic development, environmental, housing, library, cemeteries, community, sport and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.

#### **1.4.1 Basic service delivery performance highlights**

Water Services invested R16.54 million in water infrastructure for the year under review. These investments were in the bulk water pipeline project at Courtrai reservoirs and bulk water pipelines, water reticulation systems were completed and commissioned.

The installation of electrical bulk infrastructure for the Vlakkeland housing development and electrification of informal settlements was the two biggest projects which amount to R18.5 million of the total allocated electricity budget which was invested in the community of Drakenstein.

Solid Waste Management Section constructed 4 mini drop-off facilities in high-density areas. These facilities provide an organised disposal facility to the surrounding community. Wheelie bins to the value of R706,000 to ensure that basic service delivery standards are complied with. Approval was received to extend the height of the landfill facility in order to increase available airspace. Investigations to optimise waste diversion is in progress.

The biggest investment in road and stormwater infrastructure was the R56.51 million for the multi-year project for the upgrading of Oosbosch Street between Berg River Boulevard and Jan van Riebeeck Drive to a dual carriageway and R9.94 million for the reseal of streets.

#### **1.4.2 Basic service delivery challenges**

The biggest challenge for rendering water services is to secure water during periods of drought. The current funding needs to invest in water infrastructure is R1.61 billion and this will have to be addressed in the next 20 years.

The biggest challenge for rendering waste water services is to complete the upgrade of the Paarl Waste Water Treatment Works at an estimated cost of R255 million. The current funding needs to invest in waste water infrastructure is R1.21 billion and this will have to be addressed in the next five to ten years.

To ensure electricity supply to all Drakenstein future consumers and to accommodate all future developments, serious investment in electricity infrastructure needs to take place.

Four additional 132/66/11KV substations are required to fulfil the future load demand of developments. The existing 15MVA transformers at Dalweiding, Palmiet and Parys 66/11KV substations must also be upgraded to 20MVA including sub 11KV switching stations with their respective feeder and ring feeder cables. The supply from Eskom will have to be relocated to provide a more firm supply to accommodate the future demand.

The application for the height extension of the Wellington landfill has been approved. This will extend the lifespan of the facility with 5 to 7 years. Planning for the diversion of organic waste from landfill, has been initiated. The organic waste diversion plan will address methods, processes and infrastructure needed to comply with the Provincial target of 50 % organic waste diversion by 2022.

Further progress has been made in the development of infrastructure in road and storm water. Resealing of streets in accordance with the pavement management system led to a continued reduction in the formation of potholes.

Roads and stormwater infrastructure needs amounts to in excess of R1,0 billion. The construction of the Berg River Boulevard from Optenhorst Street to the R45 will cost an estimated R370 million. This project is under investigation by the Department of Transport and Public Works in conjunction with Drakenstein Municipality with the route planning and expropriation of the required land between Retief Street and the R45 being the first phase. The completion of this project will have the effect of redistributing the traffic congestion by providing alternative routes.

Some progress has been made with the greater Vlakkeland, Groenheuwel and adjoining areas. Stormwater development to mitigate the risk of flooding in the low-lying areas. The estimated cost for implementation of the full project is estimated at R148 million.

#### **1.4.3 Proportion of households with access to basic services**

All formal households have access to electricity, water, waste water and waste management services.

The 41 registered informal settlements comprising of 7,206 households and an estimated 14,412 residents do have access to water, waste water and waste management services. One informal settlement is not registered at this stage and comprise of 261 households, housing 349 residents. Three thousand two hundred and seventy one (3,271) informal settlement structures, which forms part of the approved informal settlement register, have access to electricity.

### **1.5 FINANCIAL HEALTH OVERVIEW**

The Municipality is on the path of recovery following the severe droughts experienced in the past few years, the general downturn of the economy, even before the economic effect of the COVID-19 lockdown hit, which necessitated Drakenstein to restructure certain current ten year external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank in



December 2019 to be repaid over a period of up to 17.5 years, as well as the devastating effect of the COVID-19 lockdown on the economy.

The current ratio (current assets/current liabilities) of the organisation as at 30 June 2021, was 1.06 as opposed to the ratios of 0.89 (2019/20), 0.63 (2018/19), 0.95 (2017/18), 1.17 (2016/17) for the previous four financial years. The increase in the current ratio is a positive indication of the interventions implemented.

The Municipality has a significant revenue base that continues to grow substantially compared with previous years. The Municipality is still confident that the growth in medium to high income developments are increasing, albeit slower than previously ago. This is seen in the developments south of Boland Cricket stadium, Paarl south of the N1 as well as around Wellington. Due to the restructuring of the external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank, no further external loans will be taken up over the next four financial years. The increase of the Municipality's revenue base will reduce the current gearing ratio from 74.7% to an estimated 46.3% in the 2023/24 financial year.

Furthermore, the Municipality have a revenue management, expenditure management and cost containment programme under the leadership of the City Manager to raise and collect all revenue due to the Municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery.

The Municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), City of Cape Town (bulk water purchases), third party payments (pension and medical aid funds) and any other trade creditors.

### 1.5.1 Statement of Financial Performance Overview

The actual surplus of R101.3 million for the 2020/21 financial year compared with the final adjustments budget surplus of R77.1 million resulted in a positive variance of R17.1 million.

**Table 7: Statement of Financial Performance Overview 2020/2021**

Statement of Financial Performance Overview 2020/21						
Serial No.	Details	Original budget	Adjustments budget	Actuals	Positive/ (Negative) Variance (Column B & D)	Positive/ (Negative) Variance (Column C & D)
Column Ref.	A	B	C	D	E	F
1	Grants	265,052,589	228,332,470	220,606,267	44,446,322	7,726,203
2	Taxes, Levies and Tariffs	2,013,961,803	2,000,772,414	1,988,714,248	25,247,555	12,058,166
3	Other	152,205,806	200,116,243	185,668,155	(33,462,349)	14,448,088
4	<b>Total Operating Revenue (Capital Grants Excluded)</b>	<b>2,431,220,198</b>	<b>2,429,221,127</b>	<b>2,394,988,670</b>	<b>(36,231,528)</b>	<b>(34,232,457)</b>
5	Less: Expenditure	2,515,184,421	2,532,355,924	2,469,619,630	(117,277,517)	(121,889,903)
6	<b>Surplus / (Deficit) (Capital Grants Excluded)</b>	<b>(83,964,223)</b>	<b>(103,134,797)</b>	<b>(74,630,960)</b>	<b>9,333,263</b>	<b>28,503,837</b>
7	Plus: Capital Grants	168,149,000	180,265,283	175,958,381	59,805,829	19,953,827
8	<b>Surplus / (Deficit)(Capital Grants included)</b>	<b>84,184,777</b>	<b>77,130,486</b>	<b>101,327,421</b>	<b>17,142,644</b>	<b>24,196,935</b>

### **1.5.2 Financial viability highlights**

The Capital Budget spending for the financial year yielded a result of 92.7% when compared with the Final Capital Adjustments Budget for 2020/21, the spending percentage is better than the 87.5% in 2019/20. Delays in the Oosbosch road project was the biggest contributor to the underspending.

### **1.5.3 Financial viability challenges**

Consumer debt remains a challenge and a number of initiatives were implemented. Consumer debt (property rates, service charges, housing and sundry debtors – VAT excluded) decreased by R6.0 million from R346.5 million as at 30 June 2020 to R340.5 million as at 30 June 2021, a recovery after the lockdown due to the COVID-19 pandemic, where credit control measures were suspended for the period between April and June 2020. The relationship between the ever-increasing tariffs and outstanding debtors is an indication that consumers are struggling to meet their obligations in terms of payment for services. The worsening economic climate puts pressure not only on the world economy, but also filters down to households in municipalities globally, which has just been worsened by the COVID-19 pandemic.

The debtors' payment period for the 2019/20 financial year (before considering the provision for impairment) was 64.5 days, which is below the targeted number of 70 days. The number of days for the 2019/20 financial year (before considering the provision for impairment) was 68.4 days, which is below the targeted number of 70 days.

The Municipality's debtors' collection period in days (after impairment) decreased to 41.7 days as at 30 June 2021 compared with the 46.5 days as at 30 June 2020. The Municipality's debtors' collection period in days (before impairment) decreased by 3.9 days and the Municipality's debtors' collection period in days (after impairment) improved by 4.8 days during the financial year under review.

The ability of Council to finance the capital programme from internally generated funds remains a big challenge. This challenge has an inverse relationship with the increasing external loan debt of Council, which amounted to 69.3% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2020/21 financial year. Although Council policy wise has capped the gearing ratio percentage at 50%, urgent upgrades in revenue generating bulk infrastructure to enable increased development and therefore an increased revenue base necessitated that we accelerate our capital programme in prior years. It is envisaged that the gearing ratio will decrease to about 62.8% in the 2021/22 financial year and to about 38.4% in accordance with the Long Term Financial Plan by the 2025/26 financial year.

### 1.5.4 Operating ratios

The operating ratios as depicted below compare favourably with the current industry norms. The employee cost (including Councillor Remuneration) of 30.2% of total operating expenditure (2020/21) is at the lower level of the 25% to 40% range regarded as the industry norm (depending on the size and type of municipality), which means that the salary bill of the organisation is well within the required norms. It slightly increased from 28.7% in 2019/20 due a restatement of post-employment benefits in the 2019/20 year.

**Table 8: Operating Ratios**

Operating Ratios				
Serial No.	Details	2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Employee Cost (Incl Councillor Remuneration) as a % of Operating Expenditure	31.60%	28.70%	30.20%
2	Repairs and Maintenance as a % of Operating Expenditure	11.50%	10.80%	10.10%
3	Repairs and Maintenance as a % of Carrying Value of PPE	4.40%	4.10%	4.00%
4	Finance Charges and Depreciation as a % of Operating Expenditure	16.20%	14.70%	16.49%
5	Finance Charges and Redemption as a % of Operating Expenditure	14.60%	6.50%	8.10%

The Municipality's spending on repairs and maintenance to total operating expenditure amounts to 10.1% for the 2020/21 financial year compared with the 10.8% for the 2019/20 financial year. The ratio of repairs and maintenance as a percentage of the carrying value of property, plant and equipment was 4.0% for the 2020/21 financial year and 4.1% for the 2019/20, which could be viewed as unfavourable if compared with National Treasury's norm of 7% to 8%. The norm is not reasonable, simply because all municipalities' asset registers are not compiled on the same monetary basis. If Drakenstein wants to adhere to this norm, the Municipality will have to increase all current property taxes and service charges (electricity tariffs that is regulated by NERSA excluded) with a further 33.1%, which in the current economic climate is not a proposition.

Finance charges and depreciation expenditure represent 16.5% of total operating expenditure for 2020/21 compared with the 14.7% for 2019/20. Finance charges and capital redemption represent 8.1% of total operating expenditure for 2020/21 compared with the 6.7% for 2019/20. This compares favourably with National Treasury's norm of 6% to 8%, but only does so due to the payment holiday received with the restructuring of loans.

### 1.5.5 Capital expenditure

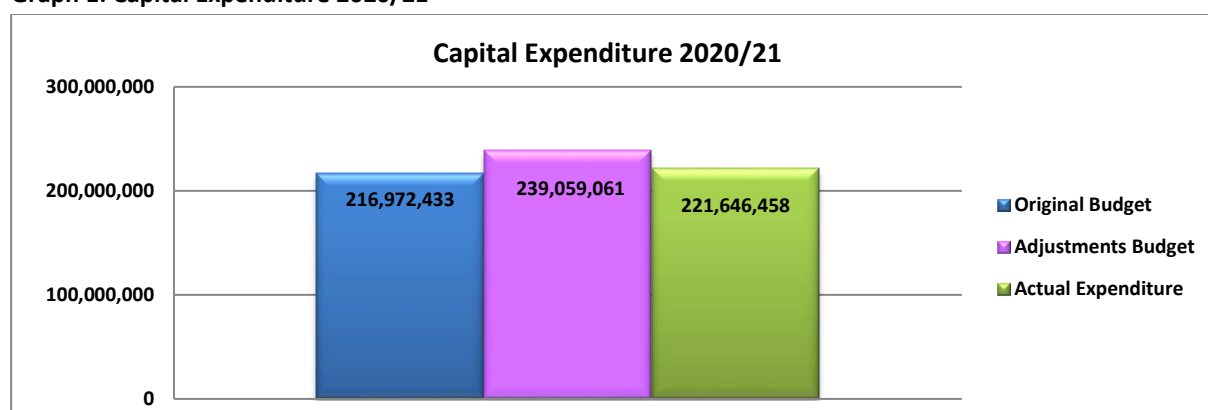
Investment in bulk and other infrastructure decreased from R269.8 million in the 2019/20 financial year to R221.7 million 2020/21. This follows a reduction from the 2018/19 financial year actual expenditure which amounted to R572.3 million due to the embargo by Council not to take up any more loans, before the gearing ratio has decreased to below 45%. Actual capital expenditure as a percentage of the 2020/21 original budget amounts to 102.2% compared with the 126.1% and 71.3% for the 2018/19 and 2019/20 financial years. Actual expenditure as a percentage of the 2019/20 final adjustments budget amounts to 92.7% compared with the 101.6% and 87.5% for the 2018/19 and 2019/20 financial years.

**Table 9: Total Capital Expenditure**

Total Capital Expenditure				
R'000				
Serial No.	Details	2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Original Budget	454,040,366	378,029,950	216,972,433
2	Final Adjustments Budget	563,766,161	308,394,191	239,059,061
3	<b>Actual Expenditure</b>	<b>572,533,531</b>	<b>269,757,841</b>	<b>221,646,458</b>
4	Actual Expenditure as a % of Original Budget	126.10%	71.30%	102.15%
5	Actual Expenditure as a % of Adjustments Budget	101.60%	87.50%	92.72%

The original budget for the 2020/21 financial year amounted to R217.0 million. After roll-over capital projects the final adjustments budget amounted to R239.1 million. Actual expenditure amounted to R221.7 million leading to an under-expenditure of R17.4 million. Delays in the Oosbosch road project was the biggest contributor to the underspending.

**Graph 1: Capital Expenditure 2020/21**



### **1.5.6 Municipal Standard Chart of Accounts (mSCOA)**

Drakenstein Municipality had implemented mSCOA as a pilot site on 1 July 2015 on version 5.3 of mSCOA and has since changed to version 5.4 on 1 July 2016, version 6.1 on 1 July 2017, version 6.2 on 1 July 2018 and version 6.3 as from 1 July 2019. For the 2019/20 financial year the Municipality was on version 6.4.

## **1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW**

A staff optimisation process was initiated in the past financial year to ensure that the municipality effectively and optimally makes use of the skills that we have internally before consideration is given to fill positions. This was done in order to also ensure that we have the right skills in the right positions. This process has yielded some positive results as a number of applications were received and a few appointments and/or 'placements' were made in some departments.

The municipality has made a concerted effort to progressively reduce the number of positions that do not have job descriptions and have not been through the job evaluation process. Currently we have only one filled position that does not have an evaluated job description and we are awaiting the TASK outcome of that position.

As a result of the COVID-19 lockdown periods and the staff optimisation process, the municipality has put a moratorium for filling of vacancies during the year under review. The total number of posts filled during the period under review is 169 inclusive of seasonal workers and promotions.

### **1.6.1 Municipal Transformation and Organisational Development Highlights**

The main organisational development highlights include:

- The training of online leave administrators for non-computer users;
- Staff Optimisation;
- Implementation of succession planning
- The review and implementation of Job Description monitoring tool;
- Filling of 169 permanent and seasonal vacancies;
- More training of staff organisationally on writing job descriptions;
- Employee recognition for long service;
- Submission of the Workplace Skills Plan to the LGSETA;
- Awarding bursaries for internal staff and external learners.
- Submission of the Employment Equity Report to the Department of Labour;
- Application for Training Discretionary Grants from other the LGSETA and other SETAs;

- Lead employer for the Waste Water Treatment process, this included municipalities from other districts as well.

### 1.6.2 Municipal Transformation and Organisational Development Challenges

Succession planning has been implemented but not fully. Departments have sent a list of posts and staff that is identified for the purpose. Personal Development Plans have been developed and HR is going follow up with departments to ensure proper implementations of the plans. Departments are encouraged to take ownership of the process to ensure that skills are retained/transferred especially for critical skills and ageing staff.

Although staff optimisation is implemented, we have had cases where staff has declined or retracted their applications due to salary negotiations. Unfortunately the process is not meant to promote or demote staff.

### 1.6.3 MFMA Minimum Competencies

All Government Gazette 29967 targeted officials have successfully attained the prescribed minimum competencies.

**Table 10: Financial Competency Development - Progress Report**

Financial Competency Development : Progress Report							
Serial No.	Description	B- Total number of officials employed by municipality [Regulation 14(4)(a) and (c)]	C- Total number officials employed by municipal entities [Regulation 14(4)(a) and (c)]	Consolidated Total of B and C	Consolidated: Competency assessments completed for B and C [Regulation 14(4)(b) and (d)]	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 [Regulation 14(4)(f)]	Consolidated: Total number of officials that meet prescribed competency levels [Regulation 14(4)(e)]
Column No.	A	B	C	D	E	F	G
1	<b>Financial Officials</b>						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	4	0	4	4	4	4
5	Any other Financial Officials	77	0	77	77	77	57
6	<b>Supply Chain Management Officials</b>						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	3	0	3	3	3	3
9	<b>Total</b>	<b>87</b>	<b>0</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>67</b>

## **1.7 AUDITOR-GENERAL REPORT**

For the fourteenth consecutive year, Drakenstein Municipality received an unqualified audit opinion for the 2020/21 financial year. This was also the seventh clean audit opinion for the Municipality. This was achieved with in-house capacity and without the appointment of any consultants. The audit opinions received for the last 15 financial years clearly indicate an improvement in leadership and control on the matters that the Auditor-General focuses on during its audits:

### **1.7.1 Audited outcomes**

- 2020/21: Unqualified audit opinion with no other matters (clean audit opinion);
- 2019/20: Unqualified audit opinion with no other matters (clean audit opinion);
- 2018/19: Unqualified audit opinion with no other matters (clean audit opinion);
- 2017/18: Unqualified audit opinion with other matters;
- 2016/17: Unqualified audit opinion with no other matters (clean audit opinion);
- 2015/16: Unqualified audit opinion with no other matters (clean audit opinion);
- 2014/15: Unqualified audit opinion with no other matters (clean audit opinion);
- 2013/14: Unqualified audit opinion with no other matters (clean audit opinion);
- 2012/13: Unqualified audit opinion with other matters;
- 2011/12: Unqualified audit opinion with other matters;
- 2010/11: Unqualified audit opinion with other matters;
- 2009/10: Unqualified audit opinion with other matters;
- 2008/09: Unqualified audit opinion with other matters;
- 2007/08: Unqualified audit opinion with other matters;
- 2006/07: Qualified audit opinion with other matters;
- 2005/06: Qualified audit opinion with other matters; and
- 2004/05: Qualified audit opinion with other matters.

The unqualified and qualified audit opinions have to do with the Annual Financial Statements. The other matters deal with predetermined objectives and legislative compliance issues.

Further details can be found in the Audit Outcome Improvement Plan attached as Volume III to the Annual Report 2020/21.

## 1.8 STATUTORY ANNUAL REPORT PROCESS

The statutory processes to follow to compile an Annual Report are depicted in the table below. The process starts in July each year with the compilation of the Annual Report and continues until the end of March the following year when Council accepts the Annual Report and the Oversight Report on the Annual Report.

**Table 11: Statutory Annual Report Process**

Statutory Annual Report Process		
Serial No.	Activity	Timeframe
Column Ref.	A	B
1	Consideration of next financial year's budget and IDP Process Plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed seamlessly into the Annual Report Process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commence. (In-year financial reporting.)	
3	Finalise 4th Quarter Performance Report for previous financial year.	
4	Submit Draft Annual Performance Report to Internal Audit and Audit Committee.	
5	Audit/Performance Committee considers Draft Annual Performance Report of municipality.	August
6	Municipality submits Annual Financial Statements and Annual Performance Report including Draft Annual Report to Auditor-General.	
7	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP analysis phase.	
8	Auditor-General assesses Annual Financial Statements and Annual Performance Report data, including Draft Annual Report.	September - November
9	Municipality receives and addresses the Auditor-General's Request for Information and Communication of Findings.	
10	Executive Mayor tables Draft Annual Report and Audited Annual Financial Statements and Annual Performance Report to Council complete with the Auditor-General's Report.	January
11	Draft Annual Report is made public and representation is invited.	February - March
12	Oversight Committee (MPAC) assess Draft Annual Report and issues and Oversight Report.	
13	Council considers Oversight Report.	
14	Oversight Report is made public.	
15	Oversight Report is submitted to relevant provincial departments.	
16	Commencement of Draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Report to be used as input.	



## 2. GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 INTRODUCTION

In the quest to realise Drakenstein Municipality's vision of "*A city of excellence*", it is imperative that the Municipality is governed in a way that promotes good governance. The Municipality strives to achieve excellence by balancing the needs of all residents and the constitutional and legal framework applicable to local government with the available resources in such a way that service delivery takes place in an efficient, economic and effective manner.

#### 2.2 GOOD GOVERNANCE PERFORMANCE HIGHLIGHTS

During the reporting year the Municipality focussed on maintaining good governance and strengthening governance and oversight where possible. Dedicated units focussed on applying professional risk management principles, anti-corruption and fraud monitoring and internal auditing functions. Political governance was maintained by way of a fixed monthly meeting schedule for all Section 80 Committees advising the Executive Mayor in order to ensure that matters are duly debated by public representatives prior to such matters being considered by the Mayoral Committee and/or Council.

In addition hereto a fixed meeting schedule was also adopted for the Municipal Public Accounts Committee (MPAC) in order to ensure oversight on behalf of Council, over the executive functionaries of Council.

#### 2.3 GOOD GOVERNANCE CHALLENGES

An assessment of King 4 Principles indicated that several elements of good governance can still be improved. Over and above the Code of Conduct for councillors and staff members as contained in the Municipal Systems Act, a Code of Ethics Policy was adopted by Council.

The attendance of portfolio committees by members has also been identified as an area that requires improvement. In order to regulate attendance of meetings by public representatives, Council has reviewed the rules of the Committee dealing with Contraventions of the Code of Conduct for Councillors in order to introduce punitive measures.

A process has also been introduced for Council to assess the performance of political structures (committees) with the view to improve performance where necessary. This process will continuously be expanded and strengthened


## 2.4 POLITICAL GOVERNANCE




In compliance with Section 151(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Section 53 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), Drakenstein's Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each political office-bearer of the Municipality and of the City Manager are defined and adhered to accordingly.

The Executive Mayor, Ald CJ Poole, assisted by the Deputy Executive Mayor and the Mayoral Committee heads the political executive arm of the Municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, as well as the powers assigned by legislation. Although he is accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in close conjunction with the Deputy Executive Mayor and the Mayoral Committee.

### 2.4.1 Full-time Officer Bearers

Table 12: Political Structure

Political Structure		
Serial No	Designation	Functions
Column Ref.	A	B
1	 <p><b>Executive Mayor</b> Ald CJ Poole</p>	<p>The Executive Mayor represents the public and is the chief political principal of the Municipality. In terms of legislation the Executive Mayor has the following functions:</p> <ul style="list-style-type: none"> <li>• Identify the needs of the Municipality;</li> <li>• Review and evaluate those needs in order of priority;</li> <li>• Recommend to the Municipal Council strategies, programmes and services to address priority needs through the Integrated Development Plan and the Operating and Capital Budgets, taking into account any applicable national and provincial development plans; and</li> <li>• Recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the benefit of the community.</li> </ul>

Political Structure		
Serial No	Designation	Functions
2	 <p><b>Deputy Executive Mayor</b> Cllr GC Combrink</p>	<p>The Deputy Executive Mayor of the Municipality exercises the power and performs the duties of the Executive Mayor if the Executive Mayor is absent or not available or if the office of the Executive Mayor is vacant.</p> <p>In addition, hereto the Deputy Executive Mayor performs the duties as assigned by the Executive Mayor as member of the Mayoral Committee responsible for the Finance Portfolio.</p>
3	 <p><b>Speaker</b> Cllr AC Stowman</p>	<p>The Speaker of the Municipal Council:</p> <ul style="list-style-type: none"> <li>• Presides at meetings of the Council;</li> <li>• Performs the duties and exercises the powers delegated to the Speaker in terms of Section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);</li> <li>• Must ensure that the Council meets at least quarterly;</li> <li>• Must maintain order during meetings;</li> <li>• Must ensure compliance in Council and Council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and</li> <li>• Must ensure that Council meetings are conducted in accordance with the Rules and Orders of the Council.</li> </ul>
4	 <p><b>Chief Whip</b> Cllr RA Koegelenberg</p>	<p>The function of the Chief Whip is to create synergy and to maintain discipline among Councillors from various political parties. The role of the Chief Whip of Council covers both the political and administrative domains of Council with the emphasis on the political aspect. Seven political parties are represented in Council and the Chief Whip has to ensure that relationships are constructive and focused on key issues aimed at improving the lives of the residents of Drakenstein. The Chief Whip further acts as a link between the Speaker, the Executive and the Administration. The Chief Whip ensures that there is equitable representation on committees of Council.</p>

## **2.4.2 Council**

Council's primary role is to govern the Municipality in a democratic and accountable manner, to perform legislative and executive functions and generally to fulfil its roles and responsibilities as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). It focuses on legislation, decision-making, oversight and participatory roles and has delegated executive functions to the Executive Mayor, other office bearers, the City Manager and other staff members where applicable.

Drakenstein Municipal Council consists of 33 ward councillors and 32 proportionally elected councillors. Political parties are represented through elected councillors from the DA (43), ANC (15), EFF (2), ACDP (1), VF+ (1), PDM (1), FD (1) and ICOSA (1).

### **2.4.2.1 Political Decision Making**










Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes the manner in which Council takes decisions. A quorum of all Councillors must be present to take any decision and the majority of the votes cast results in a legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken with a supporting vote of a majority of all its members:

- The passing of bylaws;
- The approval of budgets;
- The imposition of rates and other taxes, levies and duties; and
- The raising of loans.

## **2.4.3 Mayoral Committee**

The Executive Mayor is supported by a Mayoral Committee. Each member of the Mayoral Committee has a portfolio with specific functions. The Executive Mayor may delegate specific responsibilities to each member of the Mayoral Committee. Any powers and duties delegated to the Executive Mayor by the Municipal Council must be exercised and performed by the Executive Mayor together with the other members of the Mayoral Committee.

**Table 13: Mayoral Committee**

Mayoral Committee			
Serial No.	Councillor and Portfolio	Councillor and Portfolio	Councillor and Portfolio
Column Ref.	A	B	C
1	 <p><b>JF le Roux</b> <b>Engineering Service</b></p>	 <p><b>LP Mokoena</b> <b>Corporate Services</b></p>	 <p><b>Adv J Miller</b> <b>Planning and Development</b></p>
2	 <p><b>L van Niekerk</b> <b>Sport, Recreation, Arts and Culture</b></p>	 <p><b>L Cyster</b> <b>Human Settlement and Property Management</b></p>	 <p><b>R Smuts</b> <b>Public Safet</b></p>
3	 <p><b>MA Andreas</b> <b>Rural Management</b></p>	 <p><b>RH van Nieuwenhuyzen</b> <b>Communication and IGR</b></p>	 <p><b>C Kearns</b> <b>Environment, Parks and Open Spaces</b></p>

Mayoral Committee			
Serial No.	Councillor and Portfolio	Councillor and Portfolio	Councillor and Portfolio
Column Ref.	A	B	C
4	 <p>E Gouws Social Services</p>		

#### 2.4.4 Portfolio Committees

Five (5) Section 80 Committees are established, namely: Corporate Services, Planning and Development, Engineering Services, Financial Services and Community Services to advise the Executive Mayor on policy matters and any other matter to be considered by the Executive Mayor. They are assigned to focus on specific functional areas of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. The members are appointed by Council. The chairpersons appointed by the Executive Mayor are full-time Councillors and form part of the Mayoral Committee.

##### 2.4.4.1 Corporate Services Portfolio Committee

The Corporate Services Portfolio Committee consists of thirteen (13) councillors under the alternated leadership of either Cllr LP Mokoena (MMC for Corporate Services) or Cllr RH van Nieuwenhuyzen (MMC of Communication and Intergovernmental Relations) who held eight (8) meetings of which four (4) were non-quorated during the year under review.

**Table 14: Corporate Services Portfolio Committee**

Corporate Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	LP Mokoena	Chairperson	8
2	RH van Nieuwenhuyzen	Chairperson	
3	ND Sauerman	Committee Member	
4	JV Anderson	Committee Member	
5	A Lugqola	Committee Member	
6	MM Adriaanse	Committee Member	
7	FP Cupido	Committee Member	
8	JS Smit	Committee Member	
9	LW Niehaus	Committee Member	
10	BP Duba	Committee Member	
11	NP Mbenene	Committee Member	
12	Vacant	Committee Member	
13	Vacant	Committee Member	

#### 2.4.4.2 Planning and Development Portfolio Committee

The Planning and Development Portfolio Committee consists of nine (9) councillors under the alternated leadership of Cllr J Miller (MMC for Planning and Development), Cllr L Cyster (MMC of Human Settlements and Property Management) and Cllr MA Andreas (MMC for Rural Management) who held six (6) meetings of which two (2) were non-quorated during the year under review.

**Table 15: Planning and Development Portfolio Committee**

Planning and Development Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	J Miller	Chairperson	6
2	MA Andreas	Chairperson	
3	L Cyster	Chairperson	
4	MN Mdunusie	Committee Member	
5	WDP Meyer	Committee Member	
6	S Ross	Committee Member	
7	EA Solomons	Committee Member	
8	M Vika	Committee Member	
9	N Zikhali	Committee Member	

### 2.4.4.3 Engineering Services Portfolio Committee

The Engineering Services Portfolio Committee consists of nine (9) councillors under the leadership of Ald JF le Roux (MMC of Engineering Services) who held six (6) meetings during the year under review.

**Table 16: Engineering Service Portfolio Committee**

Engineering Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	JF le Roux	Chairperson	6
2	RB Arnolds	Committee Member	
3	PBA Cupido	Committee Member	
4	DS Blanckenberg	Committee Member	
5	VC Booysen	Committee Member	
6	HJ Kotzé	Committee Member	
7	TC Mangena	Committee Member	
8	MD Nobula	Committee Member	
9	RH van Nieuwenhuyzen	Committee Member	

### 2.4.4.4 Finance Portfolio Committee

The Finance Portfolio Committee consists of nine (9) councillors under the leadership of Ald GC Combrink (Deputy Executive Mayor) who held twelve (12) meetings during the year under review.

**Table 17: Finance Portfolio Committee**

Finance Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	GC Combrink	Chairperson	12
2	HJN Matthee	Committee Member	
3	HR de Goede	Committee Member	
4	F Jacobs	Committee Member	
5	C Kearns	Committee Member	
6	JF le Roux	Committee Member	
7	AM Richards	Committee Member	
8	TR Mpulanyana	Committee Member	
9	MT Klaas	Committee Member	



#### 2.4.4.5 Community Services Portfolio Committee

The Community Services Portfolio Committee consists of fourteen (14) councillors under the alternated leadership of Ald R Smuts (MMC for Public safety), Cllr E Gouws (MMC for Social Services), Cllr LT van Niekerk (Sport, Recreation, Arts and Culture) and Cllr C Kearns (MMC for Environment, Parks and Open Spaces) who held nine (9) meetings during the year under review.

**Table 18: Community Services Portfolio Committee**

Community Services Portfolio Committee			
Serial No.	Name of member	Capacity	Number of meetings
Column Ref.	A	B	C
1	R Smuts	Chairperson	9
2	E Gouws	Chairperson	
3	C Kearns	Chairperson	
4	LT van Niekerk	Chairperson	
5	Vacant	Committee Member	
6	C Kroutz	Committee Member	
7	SE September	Committee Member	
8	GH Ford	Committee Member	
9	ZL Masoka	Committee Member	
10	AF Afrika	Committee Member	
11	TZ Nomana	Committee Member	
12	LV Nzele	Committee Member	
13	Vacant	Committee Member	
14	Vacant	Committee Member	

#### 2.4.5 Municipal Public Accounts Committee (MPAC)

Section 79 committees are permanent committees appointed to advise the municipal Council. Council established the Municipal Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. The MPAC, inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

The MPAC is chaired by Councillor MJ le Hoe from the FD. The other members consist of four DA councillors Cllr AML Buckle, Cllr AJ van Santen, Cllr NN George and Cllr J de Wet as well as two ANC councillors Cllr A Bekeer and Cllr LS Sambokwe, with one vacant position, previously held by the DA. No members from the political executive arm is a member of the MPAC. The committee met on two (2) occasions during the year under review and mainly dealt with the

compilation of the Oversight Report on the 2019/2020 Annual Report as well as the considering of matters relating to unauthorised, irregular, fruitless and wasteful expenditure, the Unethical Incident Report and reports from FARMCO.

#### **2.4.6 Audit Committee**

In compliance with Section 166(2) of the MFMA, Council has an Audit Committee which is an independent body advising the Municipal Council, the political office-bearers, the accounting officer and the management staff of the Municipality, on matters relating to:

- Internal control;
- Risk management;
- Accounting policies;
- Adequacy, reliability and accuracy of financial reporting and information;
- Annual financial statements;
- Performance management;
- Governance;
- Compliance with MFMA, DoRA and other applicable legislation;
- Issues raised by the Auditor-General and Internal Audit; and
- Monitoring and evaluation of the Internal Audit Unit.

The Audit Committee Terms of Reference is reviewed by Council annually to ensure compliance with legislation and governance best practices. The Audit Committee meets on a quarterly basis and detail regarding their recommendations to Council can be found in Appendix G of the Annual Report.

The Audit Committee consists of four members with appropriate competence and experience required to perform the duties as outlined in the Charter. Members of the Audit Committee were appointed by Council for a three (3) year term which ends on 31 July 2021. Audit Committee members are not permitted to engage in business with Council and are required to declare any conflict of interest they may have in any matters on the agenda in every meeting.

The following members served on the Audit Committee for the 2020/21 financial year:

**Table 19: Audit Committee**

<b>Audit Committee</b>			
<b>Serial No.</b>	<b>Name of member</b>	<b>Capacity</b>	<b>Qualifications</b>
<b>Column Ref.</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	Ms K Montgomery	Chairperson	B.Comm: Law (Resigned – Last meeting July 2020)
2	Mr R Najjaar	Member/ Chairperson	Hons B. Compt; and Certified Internal Auditor (Chairperson from 01 August 2020)
3	Mr RG Nicholls	Committee Member	Chartered Accountant; and Certified Internal Auditor
4	Mr C Whittle	Committee Member	Chartered Accountant
5	Mr. P. Strauss	Committee Member	Chartered Accountant (Appointed - 01 August 2020)

Audit Committee meetings are attended by the Mayor (or the appointed representative), the Accounting Officer, Chief Audit Executive, Auditor General, Chief Risk Officer and members of the Strategic Management Team. The Audit Committee conducts an annual assessment of its performance which includes a self-assessment completed by the Committee Members as well as a performance assessment completed by the Accounting Officer, Mayor and the Chief Audit Executive. The outcome of the performance assessment is reported to Council annually together with an improvement plan to address areas identified for improvement.

#### **2.4.7 Fraud and Risk Management Committee (FARMCO)**

FARMCO has been established by Council to assist the Accounting Officer (City Manager) to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. This is achieved by reviewing the effectiveness of the Municipality's fraud and risk management systems, practices and procedures and providing recommendations for improvement.

The following members served on FARMCO for the 2020/21 financial year:

Table 20: FARMCO Members

FARMCO Members			
Serial No.	Name of member	Capacity	Qualifications
Column Ref.	A	B	C
1	Ms G Bolton (Term ended December 2020)	Chairperson (External)	BA (Pre-LLB subjects) (1978) (University of Cape Town) (UCT); LLB (1980) (UCT); MBA (1988) Graduate School of Business (GSB)(UCT); Attorney's and conveyancer's professional examinations, Cape Law Society (1982); Post-Graduate Diploma in Property Investment and Valuation (University of Stellenbosch) (US) (1990); Property Development Programme, SAPOA in conjunction with the GSB (1991); Certificate in Solving of Crime (Technikon RSA/University of Pretoria) (2000); Qualified Lawyers' Transfer Test for England and Wales (2010); Diploma in Managing Labour Relations and Employment-Related Risks (US) ((2010); Certificate Course in Arbitration, Association of Arbitrators (Southern Africa) (2010); and Fellowship in Arbitration, Association of Arbitrators (Southern Africa) (2011).
2	Mr T Blok (Term started January 2021)	Chairperson (External)	Certified Director Chartered Accountant (SA) Certified Internal Auditor (CIA) Certified Information Systems Auditor (CISA) B. Accountancy (Hons) (University of Stellenbosch) B. Com (Hons) Information Systems (University of Cape Town).
3	Mr R Najaar	Committee Member	Hons B. Compt; and Certified Internal Auditor
4	Executive Director: Corporate Services (Mr S Johaar)	Committee Member	BA; B. Law; and Diploma in Tax Law
5	Chief Financial Officer (Mr B Brown)	Committee Member	MPA Public Administration, BPUB Honours Public Administration and B Tech Cost and Management Accounting
6	Executive Director: Planning and Development (Ms L Waring)	Committee Member	BA (Sociology & Psychology); Honours Sociology; and Masters in Town and Regional Planning
7	Executive Director: Engineering Services (Mr M Wüst)	Committee Member	Pr. Eng
8	Executive Director: Community Services (Mr G Esau)	Committee Member	National Diploma in Horticulture; Certificate in Grafting and Budding; B-Tech in Business Administration; and B-Tech Project Management

The following permanent invitees also attend all meetings:

- City Manager: Dr J Leibbrandt;
- Chief Risk Officer: Mr G Dippenaar; and
- Chief Audit Executive: Ms R Jaftha.

Key areas of focus during the reporting period include quarterly oversight of various risk registers and the implementation of actions to mitigate risk, reported unethical incidents and monitoring the risk management implementation plan.

The Committee is regulated by the Fraud and Risk Management Charter which stipulates that FARMCO shall meet at least four (4) times per annum in terms of a schedule of agreed meeting dates to be determined at the beginning of each financial year. FARMCO can convene further meetings to discuss urgent matters at the discretion of the FARMCO Chairperson.

In accordance to the Charter, four meetings were held on 28 August 2020, 16 October 2020, 12 February 2021 and 07 May 2021.

FARMCO's Chairperson stated that the committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

## **2.5 ADMINISTRATIVE GOVERNANCE**


The City Manager is the Accounting Officer of the Municipality and also the head of the Administration. His primary function is to serve as chief custodian of service delivery and the implementation of political priorities and decisions.

He is assisted by his Strategic Management Team (SMT), which comprises of the Executive Directors of the five departments. There are also divisional managers reporting directly to the City Manager as indicated in the chart below. The SMT meets on at least a weekly basis to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, departments and the local community.



**Figure 1: Macro Organisational Structure**



**Table 21: Top Administrative Structure**

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
1	 <p><b>City Manager</b> Dr Johan H Leibbrandt</p>	<ul style="list-style-type: none"> <li>• Provides an independent appraisal of the adequacy and effectiveness of the systems of internal control, risk management and governance processes;</li> <li>• Evaluates and contributes to the improvement of governance management processes;</li> <li>• Manages financial services in order to ensure financial viability, compliance and reporting;</li> <li>• Provides corporate services to the institution to ensure efficient support of organisational processes;</li> <li>• Provides and manages planning, economic development and environmental management services;</li> <li>• Renders integrated community services to enhance community development in general and promotes a clean and safe environment; and</li> <li>• Maximises infrastructure development and delivers a service to all communities of Drakenstein.</li> </ul>

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
2	 <p><b>Corporate Services</b> Seraj Johaar</p>	<ul style="list-style-type: none"> <li>• Provides legal and administrative support services to the institution to facilitate proficient administrative practices and procedures;</li> <li>• Renders human resource management and support services to the Municipality that will sustain the optimum utilisation of the Municipality's human capital;</li> <li>• Provides effective and efficient information and communication technology services;</li> <li>• Provides comprehensive communication and intergovernmental relations services;</li> <li>• Coordinates and provides functional and administrative support to the political office-bearers;</li> <li>• Provides office management services to the Executive Mayor; and</li> <li>• Renders property and facilities management services.</li> </ul>
3	 <p><b>Chief Financial Officer</b> Bradley Brown</p>	<ul style="list-style-type: none"> <li>• Manages and controls the implementation of budget policies, systems and procedures and financial statement processes to ensure legislative compliance and sound financial management practices;</li> <li>• Implements and maintains revenue and credit control policies and procedures to ensure sound revenue management practices and compliance;</li> <li>• Ensures the recording, authorisation and proper execution of expenditure systems, procedures and transactions; and</li> <li>• Manages supply chain management services to ensure proper systems, procedures and control for demand, acquisition, logistics, assets and disposal management.</li> </ul>
4	 <p><b>Planning and Development</b> Lauren Waring (until 30/04/2021)</p>	<ul style="list-style-type: none"> <li>• Manages the rendering of spatial and land use planning, surveying, valuations and building control services;</li> <li>• Plans, develops and implements a coherent and Integrated Framework for Local Economic Development and Tourism;</li> <li>• Ensures the implementation of environmental management plans, policies and procedures and ensures compliance in accordance with applicable legislation; and</li> <li>• Renders management and line function administrative support services.</li> <li>• Rural development.</li> </ul>

Top Administrative Structure		
Serial No	Position	Functions
Column Ref.	A	B
5	 <p><b>Engineering Services</b> Marius Wust</p>	<ul style="list-style-type: none"> <li>• Manages Civil Engineering Services including water, sewerage, streets, storm water and traffic engineering;</li> <li>• Manages Electrical Engineering Services;</li> <li>• Manages Solid Waste Services, including waste collection, disposal facilities, waste minimisation, awareness and education, waste diversion, street sweeping, community projects, area cleaning and Waste to Energy; and</li> <li>• Manages project and building projects/programmes.</li> </ul>
6	 <p><b>Community Services</b> Gerald Esau</p>	<ul style="list-style-type: none"> <li>• Manages the provisioning and maintenance/operation of parks, sport facilities and cemeteries;</li> <li>• Manages the rendering of protection services to ensure the safety of the community;</li> <li>• Provides for the development of human settlements administration and support services to address the housing needs in the area; and</li> <li>• Provides and manages the rendering of community development, library and information services.</li> </ul>



## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### 2.6 INTRODUCTION

Section 3 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires municipalities to exercise their executive and legislative authority within the constitutional system of cooperative government as stipulated in Section 41 of The Constitution which states that all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith by fostering friendly relations; assisting and supporting one another; informing one another and consulting one another on matters of common interest; coordinating their actions and legislation with one another; adhering to agreed procedures; and, avoiding legal proceedings against one another.

### 2.7 COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Drakenstein Municipality participates in a range of intergovernmental activities, both formally and informally. Key staff members participate in professional institutes that govern the interests of various fields of work. Examples of such interaction and cooperation are:

#### 2.7.1 National Intergovernmental Structures

- Accounting Standards Board (ASB) – Public Sector Accounting Forum;
- Electricity Distribution Regulation and Tariff Setting (NERSA);
- ESKOM-Main bulk supplier of electricity;
- Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO);
- Institute for Landscape Architecture in South Africa (ILASA);
- Institute of Environment and Recreation Management (IERM);
- Institute of Fire and Emergency Safety of South Africa;
- Institute of Internal Auditors;
- Institute of Municipal and Licensing Officers of South Africa;
- Institute of Waste Management of South Africa;
- Institute of Municipal Public Safety of SA Institute of South African Municipal Accounting Officers (ISAMAO);
- National Government SETA Skills Development Forum;
- National Municipal Managers Forum;
- National Rental Task Team;
- South African Local Government Association (SALGA); and
- Southern African Tourism Services Association (SATSA).

## 2.7.2 Provincial Intergovernmental Structures

Information and best practices are shared and interaction with the Western Cape Government and other municipalities is valuable to ensure better coordination and cooperation. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- Accounting Standards Board (ASB) – Public Sector Accounting Forum;
- Berg River Partnership for Collaboration;
- Berg River Improvement Project Steering Committee;
- Business Economy and Tourism Cluster Working Group (Covid-19);
- CFO Forum;
- Chief Risk Officer Forum;
- Chief Audit Executive Forum;
- Chief Finance Officers' Forum;
- Chief Risk Officers Forum;
- City of Cape Town Water Resilience Advisory Committee;
- Department of Cultural Affairs and Sport;
- Department of Environmental Affairs & Development Planning – WCRAAG;
- Department of Environmental Affairs and Development Planning Outreach Project;
- Department of Water & Sanitation Water Care Forum;
- DOE-INEP and EEDSM and electrification grants;
- Disaster Management Forum;
- EPWP coordinating meetings;
- Environmental Management Committee;
- Fynbos Forum;
- Provincial IDP Managers' Forum;
- Informal Settlements Support Programme (ISSP);
- IPC2 Intermodal Planning Committee;
- Legislative and Constitutional Task Team;
- MIG coordinating meetings;
- Ministerial Mayors' Forum;
- MinMay Tech Forum;
- MPRA Forum;
- Municipal Accountant Forum;
- Municipal Governance Review and Outlook (MGRO);
- Municipal Managers' Forum;
- MPRA Forum;
- Municipal Planning Heads Forum;

- Natural Resources Reference Group;
- Premier's Coordinating Forum;
- Provincial Affordable and Social Housing Steering Committee;
- Provincial IDP Manager's Forum;
- Provincial Local Government SETA Skills Development Forum;
- Provincial Public Participation and Communications Forum;
- Provincial SCM Forum;
- Provincial Speakers' Forum;
- PSG4 Sustainable Ecological and Agricultural Resource Base (SEAR) Work Group;
- Public Participation and Communications Forum;
- Records Management Forum;
- SALGA Working Groups;
- Supply Chain Management Provincial Working Group;
- Title Deeds Restoration Project;
- TDA Cape Town;
- Violence Prevention through Urban Upgrading (VPUU);
- Waste Management Officers' Forum;
- Waste Minimisation Interest Group;
- Western Cape Accounting Working Committee;
- Western Cape Air Quality Officers' Forum;
- Western Cape Building Control Officer's Forum;
- Western Cape Climate Change Forum;
- Western Cape Collaborator User Group Steering Committee;
- Western Cape ICT Strategic Forum;
- Western Cape Municipal Planning Heads Forum;
- Western Cape Provincial Asset Management Forum;
- Western Cape LGSETA SDF Forum;
- Western Cape Library and Information Service; and
- Whole of Society Approach (WoSA).

### **2.7.3 District Intergovernmental Structures**

The following are district forums in which the Municipality participates in focusing on service delivery and information sharing:

- Breede Valley Municipal Land Use Planning Appeal Committee;
- Cape Winelands Biosphere Reserve;
- Cape Winelands District CRO and CAE Forum;
- Cape Winelands Human Settlements Regional Forum;
- Cape Winelands Regional Local Economic Development Forum (RLEDf);

- Cape Winelands Regional Forum (Human Settlements);
- Cape Winelands Skills Development Facilitators' Forum;
- Cape Winelands Waste Managers' Forum;
- Disaster Management Institute of SA;
- District Co-ordinating Forum;
- District IDP Managers' Forum;
- District Public Participation and Communications Forum;
- District SCM Forum;
- Drakenstein Heritage Committee;
- EPWP District Forum;
- Greater Cape Metro Regional Spatial Implementation Plan Intergovernmental Steering Committee;
- Local Tourism Association;
- Municipality's Local Labour Forum;
- Rural Development District Joint Operational Committee;
- Joint District Approach (JDA);
- District TASK Evaluation Committee;
- Paarl Mountain Nature Reserve Advisory Board;
- Regional Tourism Liaison Committee (RTLCL);
- Winelands Fire Protection Association (FPA); and
- Vlakkeland Coordination Committee.

#### **2.7.4 Municipal Entities**

No municipal entities have been established within the Drakenstein Area.

#### **2.7.5 Municipal Partnerships**

Drakenstein Municipality is in partnership with the City of Neumarkt in Germany. The partnership revolves around climate change-related aspects and involves municipal development cooperation, migration and development on a local level.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.8 INTRODUCTION

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- “(a) Be responsive to the needs of the local community;*
- (b) Facilitate a culture of public service and accountability amongst staff;*
- (c) Take measures to prevent corruption;*
- (d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) Inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

To comply with the above, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Executive Mayor as well as Council committees such as the Municipal Public Accounts Committee (MPAC), Section 62 Appeal Committee, and Special (Disciplinary) Committee dealing with the Code of Conduct for councillors, as well as a Fraud and Risk Management Committee. In addition hereto, an Audit Committee comprising of independent external professionals also advises Council. The Audit Committee also serves as the Municipality’s Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee’s recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a segregation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and also assist the Municipality to discharge the necessary public accountability responsibilities.

### 2.9 PUBLIC MEETINGS

Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of a municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below);
- Public notices in local and regional newspapers;

- Monthly public newsletters distributed to all account holders;
- Press releases as and when required;
- Receipt and consideration of petitions and objections;
- Public IDP and consultative meetings; and
- Functioning of a municipal website, regularly updated with recent news.

Stakeholder and community engagements to determine and undertake development priorities forms the cornerstone of the IDP. Needs are dynamic and by virtue of its changing nature, have to be reviewed frequently. The annual review of the IDP is a process which assist the Municipality to further enhance its service delivery outputs and outcomes and through the Performance Management System, implemented by the Municipality, it ensures that the Municipality remains accountable to the local community, the various sectors and businesses alike.

The Municipal Council ensures that its oversight role is sufficiently mandated by the populace voice of its local community, through fully embracing the principles of participatory democracy. This is being achieved through a well-functioning Ward Committee System, robust public participation through our various development planning processes and regular communication with the community through public meetings, community newsletters, radio and various other print and electronic media including the Municipal Website.

### **2.9.1 Mayoral Business Stakeholder Initiative**

During the period under review, the City Manager introduced an initiative to further enhance the relationship between the Municipality and our various stakeholders, representing a vast range of sectors. This concept centres around interactions with stakeholders on strategically selected themes to ensure that the Municipality responds more efficiently and appropriately to specific service needs and to facilitate a much stronger strategic link between the perspectives of stakeholders' priorities and the municipal IDP and long-term strategy. The achievement of having a common understanding of the *status quo* of Drakenstein, the secondary city, amongst all stakeholders, is critical in creating a stable platform from which municipal planning can take place, resources prioritised and implementation monitored in a much more sensible fashion.

### **2.9.2 IDP/Budget Roadshows**

The IDP is about determining stakeholder and community needs and priorities which need to be addressed in order to contribute to the improvement of the quality of life of residents within the Municipal Area. Various stakeholders and sectors were involved during the draft IDP development process and this process comprised of 33 IDP meetings with ward committees during September 2019. Due to the National COVID-19 Lockdown, the Ward- based IDP

meetings could not take place during April 2020, in this regard, the Municipality utilised online platforms such as email, SMS's and Facebook to obtain input from communities.

### **2.9.3 IDP Sector Engagements**

Drakenstein Municipality must play a role in ensuring integration and co-ordination between the various sectors and cross-sectoral dimensions of development, to achieve social, economic and ecological sustainability.

To ensure that municipal priorities are addressed, and in the spirit of cooperative governance, the planning process of all spheres of government must be aligned with and inform each other. This requires that municipal planning processes takes into account the legislative, policy, and strategic approaches of the line departments of national and provincial government.

Whilst the IDP is the overall strategic development plan for a municipality, prepared in terms of the Municipal System Act, Act 32 of 2000, that guide decision-making, budgeting and development in a municipality, the Spatial Development Framework (SDF) presents the long term vision of the desired spatial form of a municipality. The SDF is thus a critical component to the IDP to direct municipal and private sector spending and investment by providing spatial proposals and strategies (thus the location and nature of development) which will support economic growth and integrated human settlements.

The IDP and SDF information was interrogated in order to support the notion that the two strategic documents are aligned as required in terms of the Municipal System Act, Act 32 of 2000, Spatial Planning and Land Use Management Act, Act 16 of 2013 and the Land Use Planning Act, Act 3 of 2014.

### **2.10 REPRESENTATIVE FORUMS**

In accordance with Section 15 of the Local Government: Municipal Planning and Performance Regulations (No. 796, 24 August 2001), Drakenstein Municipality established an IDP Representative Forum to enhance community participation in:

- The drafting and implementation of the Municipality's IDP; and
- The monitoring, measurement and review of the Municipality's performance in relation to the key performance indicators and performance targets set by the Municipality.

### 2.10.1 IDP Representative Forum

The participation of stakeholders in the IDP Representative Forum has been very influential in further strengthening the sectoral integration of operational and strategic planning with civil society and other spheres of government. Due to the National COVID-19 Lockdown, an IDP Representative Forum meeting could not take place this year, however, stakeholders could provide input utilising email submissions, Facebook, through SMSes as well as written submissions.

### 2.11 WARD COMMITTEES

Section 73 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) deals with the establishment of ward committees and stipulates the following:

- “(1) If a metropolitan or local council establishes ward committees, it must establish a ward committee for each ward in the municipality.*
- (2) A ward committee consists of:*
  - (a) The councillor representing that ward in the council, who must also be the chairperson of the committee; and*
  - (b) Not more than 10 other persons.”*

A ward committee system consisting of ward committees for each of the 31 wards was functional until the local government elections held during August 2016. The new term of office introduced two additional wards and therefore Council approved ward committees in all of the 33 wards during November 2016. The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee were elected by the residents of the ward. It is expected of ward committees to meet regularly – at least once every quarter and the minutes are submitted to the Speaker’s Office. The functionality of the ward committees is monitored and reported to Council by the Speaker and his office on a quarterly basis.

Ward committees form an essential part of the public participation process and these structures are particularly useful to ensure a relationship between Councillors and ward residents. It provides the opportunity to discuss local matters that concern the residents in that ward. The Municipality annually avails funding to each ward in order to undertake specific projects in such wards. Ward committees play an important role in this regard as they advise on the projects they would like to be implemented. These ward projects further strengthen the relationship between the Municipality and the communities due to the direct impact that the ward committees can make on development projects in their wards.



The purpose of ward committees are:

- To act as an advisory committee to the Ward Councillor and Council;
- To ensure two-way communication to and from the community;
- To identify ward specific needs and to refer same to the administration and Council for attention;
- To actively partake in the annual IDP ward based public meetings;
- To assist the Ward Councillor in identifying ward projects and ward capital projects;
- To identify stakeholders in the wards and to liaise with them regarding matters needing attention; and
- To discuss ward related Council agenda items and to make inputs regarding same if necessary.

The major issues dealt with by Drakenstein ward committees were the following:

- Advising the Ward Councillor and Council on ward issues dealt with by Council;
- Identifying ward specific needs and referring it to the administration and Council for attention;
- Participation in the annual IDP ward based public meetings;
- The identification of operating and capital ward projects;
- Identifying stakeholders in the wards and liaising with them regarding matters needing attention; and
- Discussions on ward-related Council Agenda items and to make inputs regarding same if necessary.

Council approved a ward committee system for each of the 31 wards after the elections in 2011 and the system is fully operational. The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee are elected by the residents of the ward. It is expected of the ward committees to hold regular meetings – at least once every three (3) months – and the minutes are submitted to the Speaker’s Office. The functionality of the ward committees is monitored and reported on to Council on a quarterly basis.

**Table 22: Public Meetings**

Public Meetings						
Serial No.	Nature and purpose of meeting	Date of events	Number of participating municipal Councillors	Number of participating municipal Administrators	Number of community members attending	Dates and manner of feedback given to community
Column Ref.	A	B	C	D	E	F
1	IDP Meetings with Ward Committees	September - October 2019 :	40	14	231	Same day, through Customer Care System, Ward Public Meetings and at following IDP Meetings
2	IDP Ward Meetings April 2020 – Due to the National COVID-19 Lockdown, public participation could not take place. The Municipality utilised the IDP email address, Facebook and smses to obtain input from the community.	Period to provide comment: 01/04/2020 - 07/05/2020	-	-	-	-
3	IDP Representative Forum - Due to the National COVID- 19 Lockdown, an IDP Representative Forum could not take place.	-	-	-	-	-

## COMPONENT D: CORPORATE GOVERNANCE

### 2.12 INTRODUCTION

Governance in Drakenstein Municipality encompasses line functions pertaining to political and administrative governance, internal audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services. The governance function is supported by an independent Audit Committee, comprising of external specialists having the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes. The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis.

The Municipal Public Accounts Committee (MPAC) who performs political oversight, comprises of independent councillors. In order to promote independence and objectivity, the MPAC is chaired by a councillor from a political party other than the majority party in Council.

### 2.13 ETHICAL CULTURE

Section 195(1) of the Constitution prescribes the various basic values and principles for public administration, which include, amongst others, the following:

*“(1)(a) A high standard of professional ethics must be promoted and maintained.”*

Ethics is one of the core organisational values as reflected in the IDP. Giving effect to this broad framework which requires an ethical culture, Council adopted the Code of Ethics Policy. This policy provides a solid basis in an effort to instil a culture of ethical conduct in the Administration as well as the political processes.

In terms of the International Standards for the Professional Practice of Internal Auditing, Internal Audit is required to assess the municipality systems of internal control, risk management and governance. The Internal Audit Plan which is approved by the independent Audit Committee includes various aspects of governance which is covered in terms of the 1 year operational and 3 year strategic plan. The outcome of the audits are reported to the Audit Committee on a quarterly basis.

Ethical values and considerations should be seen as an integral part of a fraud prevention strategy as part of the Fraud and Risk Management Policy.

Ethical considerations play a vital role in a zero tolerance approach towards fraud, theft and corruption and to cultivate a commitment to eradicate fraud throughout the municipality.

In the fraud awareness campaigns, the Fraud Risk Management Section is committed to place strong emphasis on the fundamentally unethical nature of fraud and to ensure that it is always communicated to staff.

Whistle blowers will be willing to report suspicions of fraud if they are assured that the reporting system can be trusted, that they will remain anonymous if they have opted for anonymity when reporting their suspicions, and that they are protected from retaliation.

To ensure that a trusted reporting system is in place, Whistle Blowers Pty Ltd was appointed to administer the tip-off hotline. Allegations of theft, fraud and corruption in the municipality can be reported anonymously to Whistle Blowers.

## **2.14 RISK MANAGEMENT**

Section 62(i)(c) of the MFMA requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

There is a danger that risks which fall outside traditional functions may go unmanaged and have serious consequences on the institutional objectives. The need for broad-based risk management is thus critical as it will also ensure that risks which were not previously given adequate attention are now properly managed. Risk management processes that are integrated in the institution's existing structures are likely to be more effective in producing the desired service delivery and other objectives.

The Risk Management Division supports the Municipality's governance structure by aligning its operations and practices, which includes the identification, assessment and mitigation of future risks, with the principles contained in the King IV Report on Corporate Governance for South Africa 2016 (King IV). A Combined Assurance policy, which will guide the implementation of Combined Assurance, was approved by Council in November 2018.

The Risk Management Division is responsible for the risk management function at Drakenstein Municipality through facilitation and advising on fraud and risk management issues. This entails the development of policies, strategies, plans and processes.

Drakenstein Municipality established a Fraud and Risk Management Committee (FARMCO), which meets on a quarterly basis and assists in the development and revision of all policies, strategies, plans and processes. The Risk Management Policy, Strategy as well as Plan were revised during the 2020/2021 financial year.

The high-level risk register, linked to key performance areas (strategic objectives) and key focus areas, was reviewed with all the departments through a facilitation process.

**Table 23: Strategic Risks identified for 2020/2022**

Strategic Risks identified								
Ref	Strategic Risk	KPA 1	KPA 2	KPA 3	KPA 4	KPA 5	KPA 6	KPA 7
SR001	Financial non-viability		X				X	
SR002	Inadequate service delivery	X		X	X		X	X
SR003	Deficiency in staff skills and capacity	X		X			X	
SR004	Increasing poverty and unemployment			X		X	X	
SR005	Inadequate infrastructure, investment and maintenance				X		X	
SR006	Weakness in governance and accountability	X	X	X	X		X	
SR007	Unmanaged urbanisation			X	X		X	X
SR008	Failure to communicate effectively with stakeholders	X				X		
SR009	Inadequate ICT planning, infrastructure and systems			X				
SR010	National electricity blackout				X			
SR011	Failure to address the consequences of notifiable diseases						X	
SR012	Community unrest due to political instability							X

## 2.15 INTERNAL AUDIT

Internal Audit is an independent function reporting administratively to the City Manager and functionally to the Audit Committee. Internal Audit performs audits in terms of a three year strategic and one year operational plan which is approved by the Audit Committee at the commencement of each financial year. The priorities in the Internal Audit Plan can be categorised in terms of audits focusing on the systems of internal control, risk management and governance processes. The prioritisation of audits in these three categories is based primarily on the Municipality's risk profile as well as legislative requirements. Internal Audit reports to the Audit Committee on a quarterly basis regarding progress with the implementation of the approved plan as well as the outcome of audits conducted in terms of the approved plan. Internal Audit also performs follow-up audits to assess the implementation of agreed management action plans in response to reported internal audit findings. Internal Audit executes its duties in terms of the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors.

The Audit Committee assesses the performance of the Internal Audit quarterly, based on a range of key performance indicators linked to the operations of the Internal Audit function.

The following assurance engagements were approved, completed and reported to the Audit Committee in terms of the 2020/21 Internal Audit Plan:

- Utilisation of COVID-19 Grants;
- Food Security;
- Occupational Health and Safety;
- Business Continuity Planning;
- Financial Statements Review (High Level);
- Human Resource Management;
- Revenue Management;
- Contract Management;
- Employee and Asset Verification on behalf of Auditor General;
- Ethics Management;
- Declaration of Councillor Interests;
- Financial Controls;
- MFMA Compliance;
- DoRA Compliance;
- Housing Projects;
- Utilisation of Municipal Buildings;
- Quarter 4 Review of Performance Results;
- Review of Annual Performance Report;
- Functionality of the Performance Management System;
- Compliance with the Municipal Systems Act;
- Quarter 1 Review of Performance Results;
- Quarter 2 Review of Performance Results;
- Quarter 3 Review of Performance Results;
- Review of Annual Report;
- Annual Inventory Count;
- Cyber Security Audit;
- Technology Asset Maintenance; and
- ICT Governance strategy and structures;

The International Standards for the Professional Practice of Internal Auditing require that an Internal Audit function must implement a quality assurance and improvement program that includes an external quality assurance assessment performed by an independent assessor every 5 years. The municipality's Internal Audit function received a rating of "Generally Conforms" at the external quality assurance assessment conducted in June 2020. This is the highest rating on a scale of three ratings prescribed by the Institute of Internal Auditors. The rating of "Generally Conforms", confirm that the relevant structures, policies and procedures of the Internal Audit activity, as well as the processes by which they are applied, generally conform to the

requirements of the individual Standard or element of the Code of Ethics in all material respects. An ongoing quality assurance improvement program was also maintained in 2020/21.

## **2.16 ANTI-CORRUPTION AND FRAUD**

The Fraud and Risk Management Committee (FARMCO) meets on a quarterly basis and assists with the development and revision of all policies, strategies, plans and processes relating to fraud risk management. The Fraud Prevention Policy and Strategy are incorporated in the Risk Management Policy and last approved on 30 September 2020, with the next review due in the 2022/23 financial year.

FARMCO review the effectiveness of prevention initiatives, detection techniques as well as progress made in any forensic investigations, and thereby also function as an oversight body. Drakenstein Municipality appointed Whistle Blowers (Toll free number 0800 555 337) to provide an anonymous fraud and ethics hotline service for the reporting of alleged theft, fraud and corruption.

## **2.17 SUPPLY CHAIN MANAGEMENT**

The SCM Policy was reviewed during the 2020/21 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. The Municipality has established a Supply Chain Management Policy and Delegations Review Committee that reviews the SCM Policy and its delegations on an annual basis. Furthermore, the Municipality is required to forward its SCM Policy to the Western Cape Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM Regulations. Drakenstein Municipality's SCM Policy complies with the regulatory framework.

### **2.17.1 Overview of Supply Chain Management**

The Supply Chain Management functions cuts across all departments. Although governance is at its core, Supply Chain Management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive and cost-effective.

### **2.17.2 Bid Committees**

The Municipality applies the bid committee system for procurement above R200,000 (Value Added Tax included) and for the procurement of long term contracts. The Bid Committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively.

#### **2.17.2.1 Bid Committees Structure**

The Bid Committee members are appointed by the City Manager in line with the relevant legislation and is reviewed on an annual basis.

#### **2.17.2.2 Awards made by the Bid Adjudication Committee**

For the 2020/2021 financial year the Bid Adjudication Committee made 38 awards and recommended 6 awards to the Accounting Officer.

#### **2.17.2.3 Awards made by Accounting Officer**

For the 2020/21 financial year the Accounting Officer approved 6 awards that were recommended by the Bid Adjudication Committee.

#### **2.17.2.4 Objections lodged**

For the year under review a total of 48 objections were lodged by aggrieved bidders. All of these objections were reported to the Accounting Officer and resolved before the end of the 2020/21 financial year.

#### **2.17.3 Formal Quotations (Above R30,000 and below R200,000) Procurement Processes**

For the year under review a total of 214 formal written price quotations were advertised of which 160 were awarded and 54 were cancelled.

#### **2.17.4 Disposal Management**

The following immovable assets were disposed of during the year under review:

**Table 24: Immovable assets disposed**

Properties for which final approval was granted from 1 July 2020 – 30 June 2021			
Serial No.	Properties sold	To	Purpose
Column Ref.	A	B	C
1	Portion of Erf 947 Wellington	F and S Projects CC	Residential Purposes
2	Erf 1333 Mbekweni	Ethiopian church of South Africa	Church purposes
3	Erf 8581 Welington	Beacon of Light Worship Centre	Church purposes
4	Portions E1, E2 and F of Erf 11261 Paarl	Pople Family Trust	Industrial/parking
5	Erven 30822 and 30823 Drommedaris Paarl	Hamba Vawgeli NPC	Community Hall, ECD, Aftercare facility



Properties for which final approval was granted from 1 July 2020 – 30 June 2021			
Serial No.	Properties sold	To	Purpose
Column Ref.	A	B	C
6	Portion C of Erf 4921 Paarl	Adsum Investments Pty Ltd	Industrial / extension of existing property
7	Portion E of Erf 4921 Paarl	The Reginald Trust	Industrial / extension of existing property
8	Portion B of Erf 4921 Paarl	Quotro Developers	Industrial / extension of existing property
9	Portion D of Erf 4921 Paarl	Material Boards	Industrial / extension of existing property
10	Portion G of Erf 4921 Paarl	Northern Lights Trading 334 (Pty) Ltd	Industrial / extension of existing property
11	Portion F of Erf 4921 Paarl	Alley Property Trust	Industrial / extension of existing property
12	Portion A of Erf 4921 Paarl	Eastern Horizon	Industrial / extension of existing property
13	Erf 30260 Nontaka Street, Drommedaris, Paarl	Sun Rise Educare	ECD purposes
14	Erf 26440 Paarl	Elitha Lethu Creche	ECD purposes
15	Portion of road serve, Keerom Street, Wellington	Wellington Varsity Lodge (Pty) Ltd	Parking

## 2.18 BYLAWS

The table below indicate the various bylaws introduced during 2020/21 financial year:

**Table 25: Bylaws introduced during 2020/21**

Bylaw introduced during 2020/21						
Serial No.	Newly developed	Revised	Public Participation conducted prior to adoption of Bylaws (Yes/No)	Dates of Public Participation	Bylaws Gazetted (Yes/No)	Dates of publication
Column Ref.	A	B	C	D	E	F
1	Drakenstein Municipality: Air Quality Management By-Law 2021	-	Yes	9-Jun-20	Yes	7 May 2020

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement bylaws for the betterment of the community within the terms of the legislation.

In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The bylaws serve before the various structures of the Council;
- The bylaws are advertised in the local media for objections or comment;

- The bylaws are open for inspection at all municipal offices and libraries; and
- The bylaws are forwarded to the local radio station for broadcasting.

Once adopted by Council, the bylaws are promulgated in the Provincial Gazette and take immediate effect.

The following bylaw was passed in the 2020/21 financial year:

**Table 26: Bylaw passed**

Bylaws passed		
Serial No.	Bylaw	Promulgation Status
Column Ref.	A	B
1	Drakenstein Municipality: Air Quality Management By-Law 2021	7 May 2020

## 2.19 WEBSITE

The municipal website continued to be well maintained and features important municipal documentation required in terms of legislation, including public policies, bylaws, supply chain documents, notices, press releases and other documents. The purpose is to inform Drakenstein's residents about the services, projects, achievements and initiatives of the Municipality.

The Communication and Marketing division continued to update the dedicated webpage that was launched at the start of the COVID-19 national lockdown, [www.drakenstein.gov.za/coronavirus](http://www.drakenstein.gov.za/coronavirus), with the latest lockdown regulations, COVID-19 safety tips, Mayoral messages, news, notices, as well as collateral such as pamphlets and posters. This webpage also included a section focused on the business community of Drakenstein, providing updates, guidelines and information specifically applicable to business owners, SMMEs and informal traders.

As stipulated in the Government Gazette Vol. 657 of 26 March 2020, the division kept a clear link from the homepage of the municipal website to [www.coronavirus.co.za](http://www.coronavirus.co.za).

**Table 27: Municipal Website Content and Currency of Material**

Municipal Website: Content and Currency of Material			
Serial No.	Documents published on the Municipality's website	Yes/No	Publishing Date
Column Ref.	A	B	C
1	Annual and adjustments budgets and all budget-related documents	Yes	2020/07/01 – 2021/06/30
2	All budget-related policies	Yes	2020/07/01 – 2021/06/30
3	The previous Annual Report 2019/20	Yes	2021/06/02
4	The Annual Report 2020/21 published/to be published	Yes	2021/04/01
5	All current performance agreements (2020/21) and resulting scorecards required in terms of Section 57(1)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)	Yes	2020/06/30
6	All service delivery agreements (2020/21)	Yes	2020/07/01 – 2021/06/30
7	All long-term borrowing contracts (2020/21)	Yes	None
8	All Supply Chain Management Contracts above a prescribed value (above R 200,000) for 2020/21	Yes	2020/07/01 – 2021/06/30
9	All information statements containing a list of assets over a prescribed value that have been disposed of in terms of the MFMA Section 14(2) or (4) during 2020/21	No	Quarter 1 - 3 2020/07/01 – 2021/07/02
10	Contracts agreed in 2020/21 to which the MFMA Subsection (1) of Section 33 applies, subject to Subsection (3) of that Section	No	None concluded
11	Public-private partnership agreements referred to in the MFMA Section 120 made in 2020/21	No	None concluded
12	All quarterly reports tabled before Council in terms of the MFMA Section 52(d) during 2020/21	Yes	2020/07/01 – 2021/06/30

## 2.20 COMMUNICATION

Communication with the community of Drakenstein continued through following the integrated PESO (paid, earned, shared and owned) media model – sending out creative, relevant and topical content, tailor-made for the Municipality's different communication channels and platforms, and their target audiences. The Communication and Marketing division purchased radio airtime and recorded and distributed sound clips; sent out press releases to media (print, radio and online); invited media to events and responded to media enquiries; as well as shared news regarding municipal projects, programmes, initiatives and achievements through its social media platforms, the municipal website, an external newsletter and internal broadcast emails.

At the same time the municipal brand was reinforced and enhanced by distributing quality promotional items; displaying branding and banners at key events; and, exercising the Municipality's marketing rights at supported events. Reputation management was also done to uphold the brand.

Guided by its corporate identity manual, the Municipality continued to roll out its corporate identity and logo, embodying its vision of a city of excellence. It also developed a logo design and supporting marketing programme for Drakenstein's Fair Trade City campaign, which was rolled out in the second half of the financial year. Extensive communication and marketing support was rendered to the Municipality's two ongoing campaigns, 365 Days of Activism against Gender-Based Violence, and War on Waste.

A real game-changer for the Municipality's communication and marketing function was the launch of its brand new monthly digital newsletter, *Vars*, on 31 July 2020. Delivering on its brand promise, this vibrant publication's stories are fresh and its content original - all packaged in a visually appealing manner. *Vars* contains videos, municipal and community-focused articles, photographs, tender announcements and job opportunities, as well as features and profiles on members of the community, Councillors and municipal staff members. The monthly emailer – sent to 13 033 subscribers - is linked to a fully-fledged online flipbook, as well as videos hosted on the Municipality's YouTube channel.

Central to the Municipality's integrated communication strategy, the *Vars* e-newsletter allows for greater and more streamlined content integration, better use of resources, and improved messaging alignment.

A slightly unconventional approach to municipal communication, *Vars* gives the Municipality the opportunity to build a community among Drakenstein residents, saying: "We recognise you as resident and what matters to you. This is important to us." That is why the e-newsletter not only conveys news on municipal projects and services, but also features profiles on community and staff members, lifestyle articles, community news and motivational messages.

The Municipality's Facebook page – launched on 1 June 2018 – continued to achieve significant and consistent growth. Much of this growth was once again organic - thanks to original, compelling, engaging and relevant content directly affecting the community of Drakenstein, as well as creative videos and "how to" posts. By the end of June 2021, the Drakenstein Municipality Facebook page had 29 330 followers, reaching 408 180 people and achieving 866 561 impressions. This indicates that the content resonates well with the current audience.

In April 2021, the Communication and Marketing division introduced an exciting new grid design on the Municipality's Instagram social media platform. This platform was launched on 1 November 2019 to showcase the people, stories and beautiful area of Drakenstein. The Instagram feed is populated with exquisite and impactful images and videos of the people, places and experiences of Drakenstein, accompanied by their stories. It has a strong community focus. Showing steady growth, the Drakenstein Municipality Instagram page's followers reached 1 584 by the end of June 2021.

When the Annual Report is completed, it is made available at all the libraries and the two Thusong Centres, in addition to the required distribution to other spheres of government. The MPAC scrutinises the report and also invites public comment on it.

## **2.21 COMMUNITY SATISFACTION SURVEYS**

During 1 February 2021 until 30 April 2021, the Municipality conducted a Customer Satisfaction Survey in order to determine the perceived level of services and to enable the Municipality to actively plan and focus on the improvement of service standards where needed. This is an ongoing effort to raise the bar towards service excellence.

## **2.22 PUBLIC SATISFACTION WITH MUNICIPAL SERVICE DELIVERY**

### **2.22.1 Customer Satisfaction Survey**

The Municipality conducted a Customer Satisfaction Survey during the period 1 February 2021 until 30 April 2021 in order to establish the level of satisfaction experienced by the Municipality's customers.

The survey is targeted to homeowners, tenants, backyard dwellers and residents of informal settlements in all 33 municipal wards.

The 2021 survey questionnaire consisted of 17 questions in English, Afrikaans and Xhosa to give respondents an opportunity to complete the survey in a language of their choice. To rate the perceived level of services, respondents were required to indicate whether the services provided are rated good, bad, fair, or no experience of the service. Respondents were also given an opportunity to comment on what the Municipality can do to improve the service.

A total of 263 surveys were completed with 151 responses completed online and, 112 being hard copies collected from municipal buildings and uploaded on the system. In general, respondents appeared to be satisfied with most of the services rendered.

It should be noted that due to the COVID-19 pandemic that forced the country to be on lockdown throughout the survey period, the number of responses were limited and most respondents did not make use of the municipal facilities hence there was a number of respondents who responded that they had no experience of the said service.

**Table 28: Customer Satisfaction Survey**

Customer Satisfaction Survey													
Serial No.	Surveys	2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021
		Manual Completion			Completed at Municipal Buildings			Completed on Website			Total Responses		
Column Ref.	A	B	C		D	E		F	G		H	I	
1	English	52	0	-	2	-	-	47	-	-	101	-	-
2	Afrikaans	183	-	-	2	-	-	36	-	-	221	-	-
3	IsiXhosa	36	-	-	0	-	-	1	-	-	37	-	-
4	Total	271	-	-	4	87	112	84	48	151	359	135	263

The 2020/2021 Customer Satisfaction Survey questionnaire is composed of English, Afrikaans and isiXhosa questions in one survey as opposed to the 2019/2020 survey where there were 3 separate surveys in all 3 languages, however, the questions remained the same. As a result the system generated one survey report in all 3 languages as opposed to a report for each language, hence there are no amounts in the line items.

### 2.22.2 Complaints Management

Drakenstein Municipality procured a new Customer Care and Asset Management Information System, which went live in the 1<sup>st</sup> quarter of the 2020/2021 financial year. The system aims to streamline service delivery complaints for both residents and officials, and will facilitate evidence-based cost-containment for Departments.

The new system provides Drakenstein's political leadership and senior management with improved business intelligence information and reporting procedures, streamline and standardise internal workflows and processes. It also improves fixed asset management processes and asset knowledge information obtained from field personnel when carrying out daily tasks.

For residents and customers, reporting service delivery problems will be simplified with a straightforward digital contact process to complement telephone or walk-in-queries. The digital interface includes an opportunity for the complainant to post photographs to pinpoint the geographic location of the problem. By using this Geographic Information System (GIS), officials can "batch" the responses, sending out teams based on location as well as urgency. The end result is time and cost saved for both customers and the Municipality.

A SeeClickFix mobile app is now available and will be launched to the public by the end of September 2021.

### 3. SERVICE DELIVERY PERFORMANCE

#### COMPONENT A: OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

##### 3.1 INTRODUCTION

Performance management is a process that measures the implementation of the organisation's strategic objectives. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level, performance management is institutionalised through the legislative requirements of the performance management process. Performance management provides the mechanism to measure whether targets are met in line with the strategic objectives as set by the organisation.

Section 152 of the Constitution of the Republic of South Africa, 1996, deals with the objectives of local government and paves the way for performance management. The idea of a government that is accountable is important to meet the needs of Drakenstein Municipality. The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of the following, among others to:

- Promote the effective, efficient and economic use of resources;
- Ensure accountable public administration;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability.

The Local Government: Municipal Systems Act (MSA) of 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned to the municipal budget. The monitoring of organisational performance of the budget must be done against the IDP on a quarterly basis via the Service Delivery and Budget Implementation Plan (SDBIP). The report is made public after the Council has been informed of the quarterly progress against set targets.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that *"A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and*

*processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.”* Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation, as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, the Budget and the SDBIP.

### **3.1.1 Legislative Requirements**

In terms of section 46(1)(a) of the Local Government: Municipal Systems Act, a municipality must prepare an Annual Performance Report (APR) for each financial year that reflects the municipality's and any service provider's performance during the financial year. The APR must furthermore indicate the development and service delivery priorities and the performance targets set by the municipality for the financial year, and based on the results indicate what corrective measures were or are to be taken to improve performance. The 2019/20 APR is attached to this Annual Report as Volume V.

### **3.1.2 Organisational Performance**

Strategic performance assessment indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is effective, efficient and economical. Municipalities must develop strategic plans and allocate resources for implementation. Implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to enable them to implement corrective measures timeously as and when required.

The APR highlights the strategic performance in terms of the Municipality's Top-Layer Service Delivery and Budget Implementation Plan (SDBIP), high-level performance in terms of the strategic objectives of the Municipality and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act of 2000.

### **3.1.3 Performance Management Policy**

The Municipality adopted a Performance Management (PM) Policy during 2011. The Municipality reviewed the policy during the 2020/21 financial year. The PM Policy articulates the Municipality's objectives in order to promote accountability and the overall strategy of the Municipality. Therefore, the main principles of the PM Policy are that it must be feasible in terms of the available resources to the Municipality and that the PM Policy must serve as an enabling mechanism for employees to achieve their performance objectives and targets.



Performance management has been introduced in the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA). The MSA is specific with regards to performance management. Each municipality must develop a performance management system (PMS) in order to enhance service delivery inputs in order to maximise outputs to the community. The MSA emphasise the amplified role of Council in performance management.

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the MSA, Drakenstein Municipality must establish mechanisms to monitor and reviews its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and lower levels.

### **3.1.4 The IDP and the Budget**

The Municipality has developed a long term 15 year strategy (2017/2032) for Drakenstein to realise a vision: to evolve into “*A city of excellence*” within the next fifteen years. Key facets of the vision are economic dynamism; quality of life for all; a strong well-governed brand; and, financial sustainability.

The IDP 2017/2022 (inclusive of Vision 2032) details a comprehensive needs analysis and big moves, key initiatives, projects and programmes to address these challenges in partnership with other spheres of government, the private sector and civil society.

The Integrated Development Plan, together with its long-term trajectory, will be reviewed annually to accommodate changes in the municipal environment, including community priorities. In turn, the revised IDP will inform changes to the budget, key performance indicators and targets of the Municipality.

The Municipal IDP must be reviewed every year to ensure that:

- Municipalities and communities keep track of progress in implementing development projects and spending the municipal budget; and
- Communities are provided with an opportunity to review their needs and make possible changes to the priorities listed in the municipal IDP.

The IDP is the principal planning instrument that guides and informs the municipal budget. The Drakenstein Municipality’s PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP.

The Five-Year Performance Framework reflects the connection between the strategic framework of the Municipality, as detailed in the previous chapter and IDP implementation through Key Performance Indicators and Targets to measure performance of the IDP for the five years.

These are annually revised in line with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 which compels a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41 to the extent that changing circumstances so demand.

A conducive performance management culture will ensure that the developmental objectives as construed in the IDP gets relevance in the performance agreements of senior managers and consequence implementation thereof.

### **3.2 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

The organisational performance is evaluated by means of a municipal scorecard (Top-Layer SDBIP). Performance objectives, as reflected in the municipal scorecard, are required to be practical, measurable and based on the key performance indicators.

The SDBIP is a tool that converts the IDP and budget into measurable criteria of how, where and when the strategies, objectives and normal business processes of the Municipality are implemented.

It also allocates responsibility to directorates to deliver the services in terms of the IDP and the budget.

MFMA Circular No. 13 is a clarification of the Municipal Budget and Reporting Regulations, Schedule A1, General Notice 393 in Government Gazette 32141 and prescribes that:

- The IDP and Budget must be aligned;
- The Budget must address the strategic priorities;
- the SDBIP should indicate what the Municipality is going to do during the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the Budget/IDP processes.

The Top-Layer SDBIP was prepared as described in the paragraphs below and approved by the Executive Mayor, Cllr Conrad Poole on **25 June 2020** in terms of section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003. It was made public on the municipal website within five working days after approval by the Executive Mayor.

### **3.2.1 The Municipal Scorecard (Top-Layer SDBIP)**

The municipal scorecard (Top-Layer SDBIP) consolidates service delivery targets set by Council/Executive Management and provides an overall picture of the performance of the Municipality as a whole, reflecting performance in its strategic priorities for the 2020/21 financial year. The scorecard is the performance evaluation tool and is used during the informal and formal performance assessment of the City Manager and Executive Directors. Components of the Top-Layer SDBIP include:

#### ***3.2.1.1 One-year detailed plan with the following components:***

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial, measurable performance objectives in the form of targets and indicators;
- Output management objectives; and
- Level and standard of service being provided to the community.

#### ***3.2.1.2 Top-Layer KPI's were prepared based on the following:***

- Key Performance Indicators (KPIs) for the programmes/activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP public participation process and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

### **3.2.2 Amendment of the Top-Layer SDBIP**

The Top-Layer SDBIP was amended during the 2020/21 financial year through Council Resolution 7.7 at a Council meeting held on 26 February 2021.

### **3.2.3 Actual Performance**

The Municipality utilises an electronic web-based, real time performance-based system on which KPI owners update actual performance on a monthly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the set target;
- A performance comment; and
- Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated and provide it to the Internal Auditor and Auditor General upon request during the quarterly and annual audit testing.

### **3.2.4 Monitoring of the SDBIP**

Municipal performance is measured as follows:

- Mid-year assessment and submission of the mid-year report to the Executive Mayor in terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the Municipality during the first half of the financial year;
- Quarterly performance was subjected to an internal audit and the results of their findings were submitted to the Audit Committee; and
- Quarterly performance reports are submitted to Council for information.

## **3.3 INDIVIDUAL PERFORMANCE**

The Human Resources Management Division is responsible for Individual Performance Management System of employees who do not undergo formal performance evaluations. The Individual Performance for these employees are managed and monitored through a Job Description Efficiency Monitoring programme and tool.

The purpose of the Job Description Efficiency Monitoring programme and tool is to manage and improve efficiency by enabling a higher level of employee participation and involvement in planning, delivery and evaluation of work performance.

The Job Description Efficiency Monitoring programme and tool is a component of the Performance Management System in Drakenstein and ensures integrated work planning, target setting, performance reporting and feedback.

This Job Description Efficiency Monitoring Template is completed by all employees not evaluated on the formal Performance Management System. Both the employee and the supervisor are expected to complete and agree to the activities that will be monitored on the individual's job description.

The Job Description Efficiency Monitoring programme and tool encourages supervisor and employee engagement, coaching and mentoring, skills transfer and also enhances communication between managers, supervisors and employees. Managers will be able to identify skills gaps of employees through this programme. The Job Description Monitoring Sessions takes place on a quarterly basis and participation are monitored by the Human Resource Division.

### **3.3.1 Executive Directors and Managers Directly Accountable to the City Manager**

The Municipal Systems Act (MSA), 2000 (Act 32 of 2000) prescribes that the Municipality must enter into performance based agreements with all section 57-employees and that performance agreements must be reviewed annually and published for public interest. This process and the format are further regulated by Regulation 805 (August 2006), MSA.

The performance agreements for the section 57 appointments for the 2020/21 financial year were signed during June 2020 as prescribed. They include performance agreements for the:

- City Manager;
- Chief Financial Officer;
- Executive Director: Corporate Services;
- Executive Director: Planning and Development;
- Executive Director: Community Services; and
- Executive Director: Engineering Services.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance assessment for the City Manager and Executive Directors for the 2020/21 financial year took place on 20 January 2021. The final evaluations of the City Manager and Executive Directors for the 2019/20 financial year were scheduled for 24 February 2021.

### **3.3.2 Other Municipal Officials**

The Human Resources Management Division is responsible for Individual Performance Management System of employees who do not undergo formal performance evaluations. The Individual Performance for these employees are managed and monitored through a Job Description Efficiency Monitoring programme and tool.

The purpose of the Job Description Efficiency Monitoring programme and tool is to manage and improve efficiency by enabling a higher level of employee participation and involvement in planning, delivery and evaluation of work performance.

The Job Description Efficiency Monitoring programme and tool is a component of the Performance Management System in Drakenstein and ensures integrated work planning, target setting, performance reporting and feedback.

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The Job Description Efficiency Monitoring programme and tool encourages supervisor and employee engagement, coaching and mentoring, skills transfer and also enhances communication between managers, supervisors and employees. Managers will be able to identify skills gaps of employees through this programme. The Job Description Monitoring Sessions takes place on a quarterly basis and participation are monitored by the Human Resource Division.

### **3.4 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (TOP-LAYER)**

The SDBIP results for the year under review are reflected in the Annual Performance Report attached as Volume V to the Annual Report.

## COMPONENT B: BASIC SERVICES

Water, electricity, waste water and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment for all Drakenstein inhabitants. These basic services sections play a very important part in the planning and implementation of basic services in all formally established township developments as well as informal settlements in the Drakenstein Area over which the Municipality has control.

### 3.5 WATER SERVICES

The main objective of the Water Section is to provide water services in an effective, efficient and sustainable manner in respect of service delivery and to ensure that all people in Drakenstein Municipality's Management Area have access to adequate, safe, appropriate and affordable water services, using water wisely.

Other objectives are to upgrade existing water mains to new and higher standards and to extend the service life of existing bulk water infrastructure in accordance with the Water Master Plan.

The rapid rate of urbanisation is resulting in many cities and towns in South Africa facing major challenges of providing their increasing population with adequate and sustainable water services. On top of this, extensive parts of the continent are currently water stressed and these areas struggle to reconcile the water requirements and the water resources.

Apart from providing potable water to all our urban residents, we are obliged to fulfil our other basic functions of upgrading the existing infrastructure, extending the network and to effectively maintain the existing network.

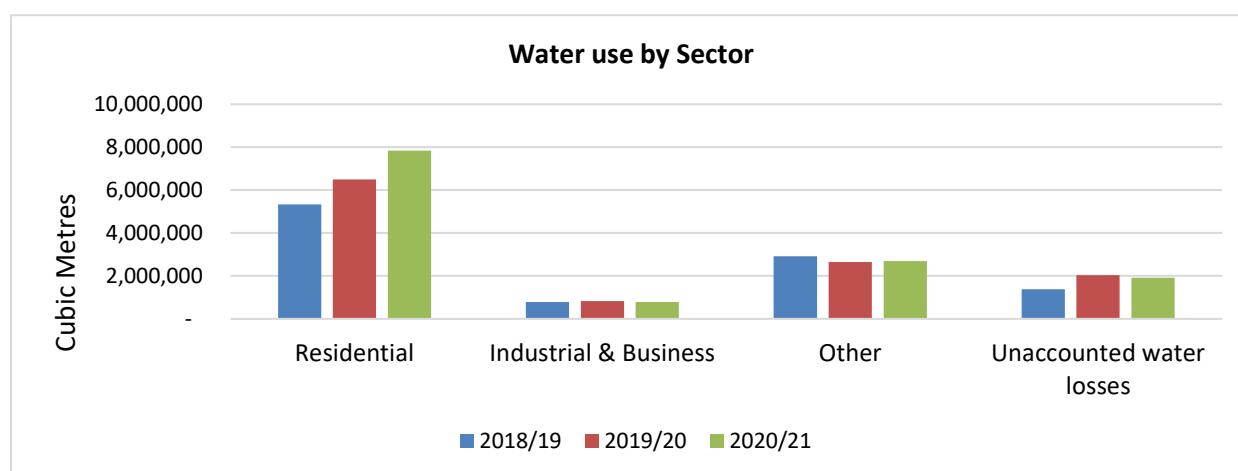
#### 3.5.1 Service Statistics

It is clear from the table below that water use increase during the 2020/21, compared to the usage during 2019/20 financial year. Water sales increases from 9,988,321 kl sold in 2019/20 to 11,363,179 kl; sold during 2020/21. Water losses over the three financial years remained more or less the same, but due to the decrease in sales turnover, technical water losses increased from 13.21 % in 2018/19 to 16.92 % in 2019/20 and decreased to 14.3% in 2020/2021.

**Table 29: Total use of water by sector (cubic metres)**

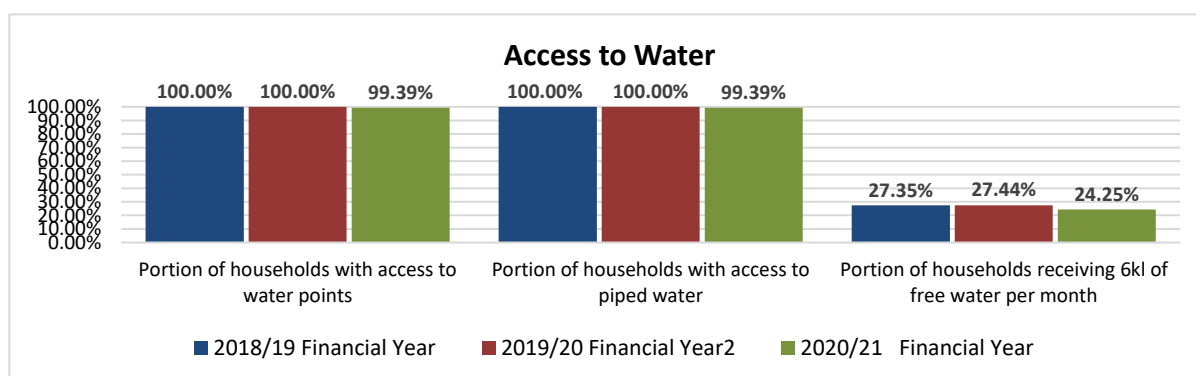
Water Use Details								
Serial No.	Year	Kilolitres						% Water Losses (Tech.)
		Residential	Industrial / Business	Other	Total Water Sold	Water Losses	Water Bought/ Produced	
Column Ref.	A	B	C	D	E	F	G	H
1	2018/19	5,330,192	776,396	2,923,703	9,030,291	1,377,669	10,428,832	13.21
2	2019/20	6,503,628	832,685	2,651,722	9,988,321	2,038,876	12,051,013	16.92
3	2020/21	7,836,430	779,912	2,868,090	11,363,179	1,913,887	13,425,170	14.3

**Graph 2: Water use by Sector**



In the graph below households' access to water are depicted, it must be noted that since 2018/19 financial year only indigent households received 6kl of free water per month.

**Graph 3: Households Access to Water**



*\*Note that the percentage of households with access to water indicated in the graph does not include rural households.*



Within the constraints of the budget, the Water Section performed satisfactorily. The bulk water pipeline at Main Road, Wellington was completed between Distillery (Stokery) Road and Pentz Street.

A total of 4,059 metres of water reticulation mains were upgraded in Paarl and Wellington; 371 water connections were installed in the Drakenstein Area; 421 burst pipes were repaired on reticulation networks; 1,082 water connections were repaired; 630 water meters were replaced during the year; 57 water meters were stolen and replaced by the Municipality; and, 1,770 water leaks on private properties were repaired during the financial year.

### 3.5.2 Service Delivery Levels

The 2020/2021 Annual WSDP Performance- and Water Services Audit Report on water service delivery levels in Drakenstein indicates that 76,024 households (99.82%) receive a water service of the minimum level and above and that 297 households (0.39%) receive a water service below the minimum level.

The audit report indicates that there is an estimated 76,195 households at the end of June 2021 in Drakenstein compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

**Table 30: Water Service Delivery Levels**

Water Service Delivery Levels				
Serial No.	Description	Households		
		2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Water: (Minimum level and above)</b>			
2	Piped water inside dwelling	40,244	40,491	40,988
3	Piped water inside yard (but not in dwelling)	25,263	25,829	27,332
4	Using public tap (stand pipes )	5,939	6,998	7,397
5	Other water supply (within 200 m)	*407	*407	*407
<b>6</b>	<b>Minimum Level and Above Sub-total</b>	<b>71,853</b>	<b>73,725</b>	<b>76,024</b>
<b>7</b>	<b>Water: (Below minimum level)</b>			
8	Using public tap (more than 200 m from dwelling)	60	208	0
9	Other water supply (more than 200 m from dwelling)	*163	*163	*163
10	No water supply (rural)	*134	*134	*134
<b>11</b>	<b>Below Minimum Service Level sub-total</b>	<b>357</b>	<b>505</b>	<b>297</b>
<b>12</b>	<b>Total number of households*</b>	<b>**72,210</b>	<b>74,230</b>	<b>76,321</b>
13	Minimum Service Level and Above Percentage	99.51%	99.32%	99.61%
14	Below Minimum Service Level Percentage	0.49%	0.68%	0.39%

\*Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data

\*\*STATSSA 2016 Community Survey indicated that there were 71,686 households in Drakenstein.

All formal erven in the urban areas of Drakenstein Municipality's Management Area are provided with individual water connections inside the erven (higher level of service). Communal standpipes are provided in the informal areas as a temporary emergency service. Drakenstein works towards a target of at least one (1) standpipe per twenty five (25) households.

Within formal settlements, there are 297 households (0.43%) of 68,924 households receiving a water service below the minimum water service level. These households are on farms which do not form part of the Drakenstein water reticulation system. Within informal settlements, there are 7,397 households with communal water services.

**Table 31: Households - Water Service Delivery Levels below the minimum level**

Households – Water Service Delivery Levels below the minimum level				
Serial No.	Description	2018/19	2019/20	2020/21
		Actual No.	Actual No.	Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Formal Settlements</b>			
2	Total households	66,211	67,024	68,924
3	Households below the minimum service level	*297	*297	*297
4	Proportion of households below the minimum service level	0.45%	0.44%	0.43%
<b>5</b>	<b>Informal Settlements</b>			
6	Total households	5,999	7,206	7,397
7	Households below minimum service level	60	208	0
8	Proportion of households below minimum service level	1.00%	2.89%	0%

*\*Farms which do not form part of the Municipal Water Reticulation System. Figures based on 2011 Census data.*

### 3.5.3 Capital Expenditure

The Water Services Section spent R16.6 million or 98.5% of the final adjustments budget on water infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 32: Capital Expenditure 2020/21 - Water Services**

Capital Expenditure 2020/21: Water Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Replace/Upgrade Water Reticulation System	10,027,622	8,466,058	8,435,487	0.4%
2	Extension of Basic Services: Informal Settlements Water	800,000	6,963,653	6,744,216	3.2%
3	Completion of CES11/2018 - 8 ML Courtrai	858,457	858,457	858,457	0.0%
4	Pressure Reduction Paarl & Wellington	-	500,000	500,000	0.0%
5	Other Capital Projects	2,235,000	13,034	13,033	0.0%
6	Saron Bulk Storage & Water Treatment	23,552,460	-	-	0.0%
<b>7</b>	<b>Total Capital Expenditure</b>	<b>37,473,539</b>	<b>16,801,202</b>	<b>16,551,194</b>	<b>1.5%</b>

### 3.5.4 Major Projects Implemented

During 2020/21 the following major projects were implemented:

- Completing and commissioning of the 400 mm diameter bulk water pipeline project at Lustigan Road, Paarl;
- A total of 4,059 metres of reticulation water pipe systems were upgraded at Paarl and Wellington; and
- Completing and commissioning of (5) five pressure management projects at Paarl.

### 3.5.5 Operating Expenditure

Water services, as a trading service, generated an operating surplus of R57.1 million for the 2020/21 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

**Table 33: Operating Revenue and Expenditure: Water Services**

Operating Revenue and Expenditure: Water Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(179,701,538)	(188,366,841)	(182,588,345)	(171,419,757)	-6.1%
2	<b>Total Operating Revenue</b>	<b>(179,701,538)</b>	<b>(188,366,841)</b>	<b>(182,588,345)</b>	<b>(171,419,757)</b>	<b>-6.1%</b>
3	Employee Related Costs	24,545,506	25,239,971	24,543,290	25,005,806	-1.9%
4	Impairment Losses on Financial Assets	37,180,855	31,552,308	31,552,308	20,214,740	35.9%
5	Interest Paid	7,200,684	10,790,696	10,662,826	10,662,825	0.0%
6	Contracted Services	8,640,122	5,223,280	7,007,767	6,980,682	0.4%
7	Depreciation and Provisions	32,201,184	22,720,913	35,988,185	33,960,488	5.6%
8	Inventory	1,920,345	3,209,906	2,409,147	2,142,073	11.1%
9	Operational Costs	10,567,961	12,720,511	15,335,216	14,323,834	6.6%
10	<b>Total Operating Expenditure</b>	<b>122,256,657</b>	<b>111,457,585</b>	<b>127,498,739</b>	<b>113,290,448</b>	<b>11.1%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>(57,444,880)</b>	<b>(76,909,256)</b>	<b>(55,089,606)</b>	<b>(58,129,309)</b>	<b>5.5%</b>

### 3.5.6 Employee Statistics

The Water Services Section has 183 posts on the organisational structure approved by Council on 31 May 2018 of which 92 posts are frozen and 91 posts funded at year-end. The section had 78 filled posts and 13 vacancies at year-end, indicating a 14.3% vacancy rate.

**Table 34: Employees - Water Services**

Employees: Water Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies (Funded)	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	5	14	9	5	5	0	0.0%
4	T09 - T11	10	29	15	14	11	3	21.4%
5	T06 - T08	14	37	20	17	14	3	17.6%
6	T03 - T05	50	100	48	52	45	7	13.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	82	183	92	91	78	13	14.3%

### 3.6 WASTE WATER (SANITATION) SERVICES

The primary functions of the Waste Water Services Section (Sanitation) are to upgrade existing sewerage infrastructure (as to meet future requirements); to extend the wastewater/ sewerage network (provide higher level of service to consumers); to maintain the existing wastewater/sewerage network (ensure adequate rehabilitation and maintenance); to monitor water resources; and, to ensure the prevention of pollution thereof.

#### 3.6.1 Service Statistics

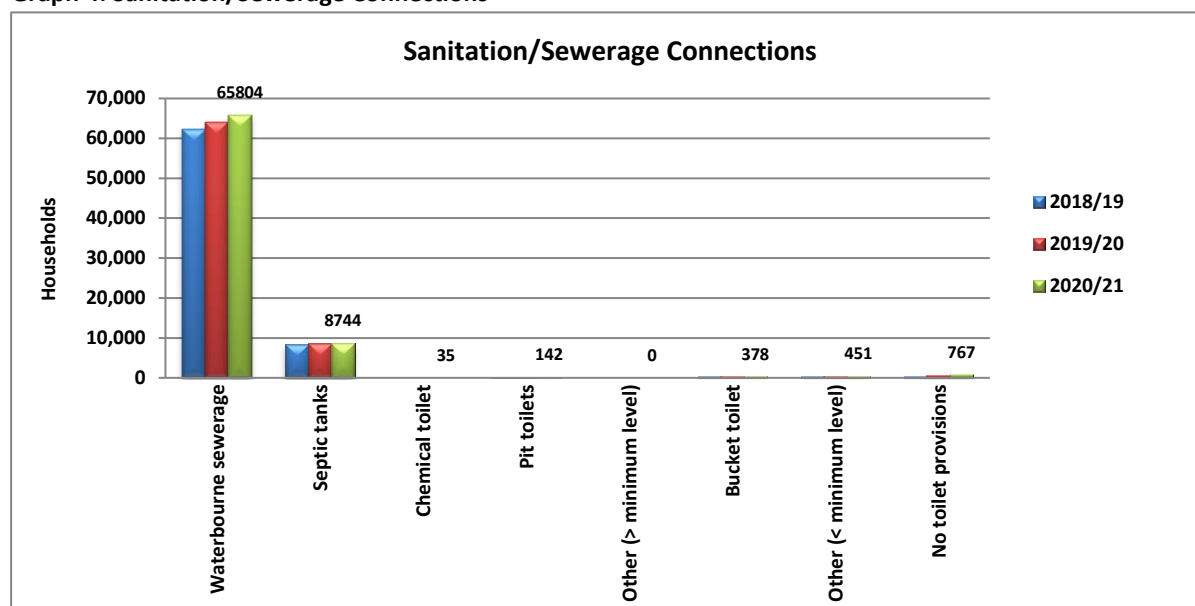
Service statistics for the year under review are listed in the table below.

**Table 35: Service Statistics - Waste Water (Sanitation Services)**

Waste Water (Sanitation Services)				
Serial No	Description	2018/19	2019/20	2020/21
		Actual Number	Actual Number	Actual Number
Column Ref.	A	B	C	D
1	Total sewerage blockages serviced	5,139	5,129	8,016
2	Installation of new domestic sewer connections	178	26	18
3	Newly installed / refurbished (through pipe-cracking) sewers/pipelines (in meter)	3,944	1,845	3,486

The graph below depicts the households' type of sanitation/sewerage connections.

**Graph 4: Sanitation/Sewerage Connections**



### 3.6.2 Service Delivery Levels

All formal erven in the urban areas of Drakenstein Municipality's Management Area are connected either to the waterborne sewer system or serviced by septic tanks or conservancy tanks inside the erven (higher level of service). Communal ablution facilities are provided in the informal areas as a temporary emergency service. Drakenstein Municipality works towards a target of at least one (1) seat per fifty (50) users as prescribed in the Department of Water & Sanitation's National Norms and Standards for Domestic Water and Sanitation Services, Version 3.

The 2020/2021 Annual WSDP Performance- and Water Services Audit Report on waste water service delivery levels in Drakenstein indicates that 74,725 households (97.9%) receive a waste water service of the minimum level and above, and that 1,596 households (2.1%) receive a waste water service below the minimum level.

The audit report indicates that there are an estimated 76,195 households in Drakenstein at the end of June 2021 compared with the 71,686 households listed in the STATSSA 2016 Community Survey.

**Table 36: Sanitation Service Delivery Levels - Households**

Sanitation Service Delivery Levels *Households				
Serial No	Description	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
1	Flush toilet (connect to sewerage)	62,315	63,977	65,804
2	Flush toilet (with septic tank)	8,451	8,596	8,744
3	Chemical toilet	35	35	35
4	Pit toilet (ventilated)	*142	*142	*142
5	Other toilet provisions (above minimum service level)	0	0	0
6	<b>Sub-Total: Minimum service level and above</b>	<b>70,943</b>	<b>72,750</b>	<b>74,725</b>
7	Bucket toilet	*378	*378	*378
8	Other toilet provisions (below minimum service level)	*451	*451	*451
9	No toilet provisions (Farms)	*354	*354	*354
10	No toilet provisions (informal settlements)	84	297	413
11	<b>Sub-Total: Below minimum service level</b>	<b>1,267</b>	<b>1,480</b>	<b>1,596</b>
12	<b>Total households</b>	<b>**72,210</b>	<b>74,230</b>	<b>76,321</b>
13	Minimum service level and above percentage	98.2%	98.0%	97.9%
14	Below minimum service level percentage	1.8%	2.0%	2.1%

\*Farms which do not form part of the Municipal Sewer Drainage System. Figures based on 2011 Census data.

Within formal settlements, there are 1,183 households (1.7%) of 68,924 households receiving a waste water service below the minimum waste water service level. Within informal settlements, there are 413 households (5.6%) of 7,397 households receiving a waste water service below the minimum waste water service level.

**Table 37: Households - Sanitation Service Delivery Levels below the minimum**

Households – Sanitation Service Delivery Levels below the minimum				
Serial No.	Description	2018/19 Actual Number	2019/20 Actual Number	2020/21 Actual Number
Column Ref.	A	B	C	D
1	<b>Formal Settlements</b>			
2	Total Households	66,211	67,024	68,924
3	Households below minimum service level	1,183	*1,183	*1,183
4	Proportion of households below minimum service level	1.8%	1.8%	1.7%
5	<b>Informal Settlements</b>			
6	Total Households	5,999	7,206	7,397
7	Households below minimum service level	84	297	413
8	Proportion of households below minimum service level	1.4%	4.1%	5.6%

\* Households not budgeted for as sanitation on farms is done by farm owners. Farms which do not form part of the municipal water reticulation system. Figures from 2011 Census Data.

### 3.6.3 Capital Expenditure

The Waste Water Services Section spent R10.1 million or 97.9% of the final adjustments budget on waste water (sanitation) infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 38: Capital Expenditure 2020/21 - Waste Water (Sanitation) Services**

Capital Expenditure 2020/21: Waste Water (Sanitation) Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Replace /Upgrade Sewerage Systems Paarl	5,700,000	7,582,878	7,582,877	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Eradication of Sewer Network Backlog	1,250,000	1,313,517	1,313,516	0.0%
4	Other Capital Projects	735,000	742,122	742,121	0.0%
5	Bulk Services Simondium Area (Sewer)	-	442,065	442,064	0.0%
6	Extension of Basic Services: Informal Settlements	-	216,474	-	100.0%
7	<b>Total Capital Expenditure</b>	<b>7,685,000</b>	<b>10,297,056</b>	<b>10,080,577</b>	<b>2.1%</b>

### 3.6.4 Major Projects Implemented

- Provision of basic sanitation services where 20 toilets in total and 4 standpipes were provided to two(2) informal settlements;;
- the installation of an odour control unit at Pentz Street Pumpstation to suppress unpleasant odours and prevent it from spreading through the air; and
- installation of high security fences at Industrial, Edison and Drommedaris pumpstations.

Rehabilitation of the sewer networks in Paarl, Mbekweni and Wellington by method of trenchless technology (i.e. pipe cracking) or conventional open trench pipe replacement.

A total of 3,486m of pipeline was replaced in the following areas:

Pipe rehabilitation in Paarl:

- Bosbok (Blesbok) Street;
- Hauptfleisch Street;
- Loop Street;
- Magnolia Street (Phase 1);
- Magnolia Street (Phase 2);
- Magnolia Street (next to open space);
- Mossie to Vink Street and

- Treurnich Street.

Pipe rehabilitation in Wellington:

- Colibri Street;
- Waterkant Street;
- Pelikaan to Weltevrede (Phase 1);
- Pelikaan to Weltevrede (Phase 2);
- St Patrick Street;
- St Patrick Street (Field);
- Malherebe Street;
- Pine Street; and
- West Street.

Pipe rehabilitation in Mbekweni:

- Nobula Street;
- Zingisani to Drommedaris Street; and
- Jabulani Street.

### 3.6.5 Operating Expenditure

Waste water (sanitation) services, as an economic service, generated an operating surplus of R71.2 million for the 2020/21 financial year. The deficit is subsidised by the surpluses of trading services.

**Table 39: Operating Revenue and Expenditure: Waste Water (Sanitation) Services**

Operating Revenue and Expenditure: Waste Water (Sanitation) Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(183,970,273)	(206,665,892)	(200,031,111)	(200,368,548)	0.2%
2	<b>Total Operating Revenue</b>	<b>(183,970,273)</b>	<b>(206,665,892)</b>	<b>(200,031,111)</b>	<b>(200,368,548)</b>	0.2%
3	Employee Related Costs	40,696,052	39,983,713	43,070,587	44,614,214	-3.6%
4	Impairment Losses on Financial Assets	4,889,397	10,245,096	10,245,096	7,433,128	27.4%
5	Interest Paid	28,526,286	42,748,493	42,241,922	42,241,919	0.0%
6	Contracted Services	10,868,395	8,317,989	11,233,993	11,394,750	-1.4%
7	Depreciation and Provisions	19,975,872	26,402,814	22,325,312	21,067,427	5.6%
8	Inventory	2,524,269	1,780,876	1,784,169	1,520,744	14.8%
9	Operational Costs	683,895	844,186	694,434	383,368	44.8%
10	<b>Total Operating Expenditure</b>	<b>108,164,168</b>	<b>130,323,167</b>	<b>131,595,513</b>	<b>128,655,550</b>	2.2%
11	<b>Operating (Surplus) / Deficit</b>	<b>(75,806,105)</b>	<b>(76,342,725)</b>	<b>(68,435,598)</b>	<b>(71,712,998)</b>	4.8%



### 3.6.6 Employee Statistics

The Waste Water (Sanitation) Services Section has 194 posts on the organisational structure approved by Council on 31 May 2018 of which 63 posts are frozen and 131 posts funded at year-end. The section had 118 filled and 13 vacant posts at year-end, resulting in a 9.9% vacancy rate.

**Table 40: Employees - Waste Water (Sanitation) Services**

Employees: Waste Water (Sanitation) Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Funded Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	2	1	33.3%
3	T12 - T14	5	12	5	7	5	2	28.6%
4	T09 - T11	5	13	7	6	4	2	33.3%
5	T06 - T08	38	54	14	40	37	3	7.5%
6	T03 - T05	70	112	37	75	70	5	6.7%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>121</b>	<b>194</b>	<b>63</b>	<b>131</b>	<b>118</b>	<b>13</b>	<b>9.9%</b>

### 3.7 ELECTRICITY SERVICES

Drakenstein Municipality purchases bulk electricity from Eskom at six main distribution substations at voltages varying from 11.5 kV to 132 kV and with a NMD (Notified maximum demand) of 175 MVA.

Reticulation to Drakenstein Municipal consumers are at 11,500 or 400 volt mains.

The Department Electro-Technical Services is divided into three divisions namely:

- Operations and Maintenance: Operate and to maintain the power network;
- Planning and Customer Services: Planning, design and construction of power networks; and
- Energy Management and Control: Functions relating to energy efficiency.

Drakenstein supplies consumers within the borders of the demarcated municipal area. Saron, Hermon and Gouda and a few farmlands in the Wellington area are supplied by Eskom.

### 3.7.1 Service Statistics

The table below depicts the number of electricity meter connections to households that Drakenstein Municipality supplies electricity to. It needs to be noted that the exact number of households (backyarders included) on a metered erf is not known. The electricity meter connections show a slight increase annually. Households with no electricity connections are slowly but surely decreasing yearly, prior to service connection that is rendered, but the remainder of such statistics are subjected to additional erecting of structures in certain informal areas which increases the total amount versus completed amount. At the end of the year under review 3,755 households (7.20%) in informal settlements had no access to electricity within Drakenstein's electricity distribution area.

Drakenstein does not supply electricity in Saron, Gouda, Herman and portions of the rural farming areas. Eskom has the electricity distribution licence to sell electricity in these areas. The exact number of households that Eskom supply electricity to, are unknown.

**Table 41: Electricity Service Delivery Levels**

Electricity Service Delivery Levels Electricity Connections				
Serial No.	Description	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
1	Electricity – conventional (min. service level)	7,177	7,243	6 946
2	Electricity – prepaid (min. service level)	37,181	38,774	41 515
3	<b>Sub-Total: Minimum service level and above</b>	<b>44,358</b>	<b>46,017</b>	<b>48,461</b>
4	Electricity (< min. service level)	0	0	0
5	Electricity – prepaid (<min. service level)	3,027	2,728	3,755
6	Other energy sources	0	0	0
7	Below minimum service level sub-total	0	0	0
8	<b>Total number of households</b>	<b>*47,385</b>	<b>48,745</b>	<b>52,216</b>
9	Minimum service level and above percentage	93.6%	94.4%	92.80%
10	Below minimum service level percentage	6.3%	5.5%	7.2%

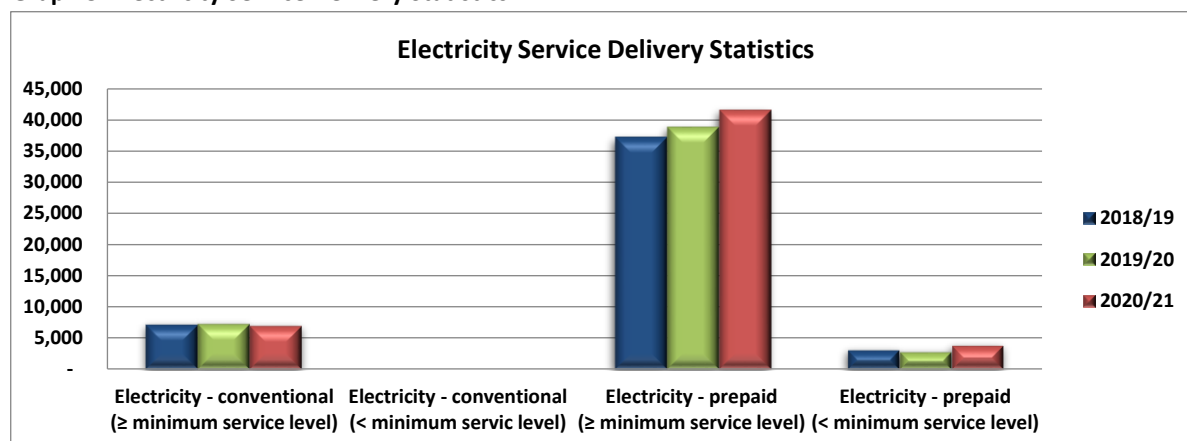
*Note: Estimated figures of Eskom electricity provision within Drakenstein is unknown.*

*\*STATSSA 2016 Community Survey indicated that there were 71,686 households in Drakenstein.*

The STATSSA 2016 Community Survey does not provide any information on households with access to electricity services.

The same statistics as in the table above are depicted in the graph below. It is clear that the vast majority of electricity connections are through pre-paid electricity connections.

Graph 5: Electricity Service Delivery Statistics



From the table below it is clear that 3,451 households (46.7%) in informal settlements has access to electricity. Drakenstein Municipality has budgeted for R1.5 million of its own funds for the 2020/21 financial year to eradicate these backlogs due to the fact that the INEP grant allocations do not suffice to eradicate backlogs and to cater for new low cost housing projects.

Within formal settlements, there are 45,010 electricity meter connections (100.0%) providing an electricity service to households at the minimum electricity service level.

Table 42: Electricity Service Delivery Levels below the minimum - Formal & Informal Settlements

Electricity Service Delivery Levels below the minimum Formal & Informal Settlements				
Serial No.	Description	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
Column Ref.	A	B	C	D
<b>1</b>	<b>Formal Settlements</b>			
2	Formal households with electricity	41,386	42,746	45,010
3	Formal households without electricity	0	0	0
<b>4</b>	<b>Totals: Formal households</b>	<b>41,386</b>	<b>42,746</b>	<b>45,010</b>
5	Formal households with minimum and above service level	100.0%	100%	100%
6	Formal households below minimum service level	0.0%	0.0%	0.0%
<b>7</b>	<b>Informal Settlements</b>			
8	Informal households with electricity	2,972	3,271	3,451
9	Informal households without electricity	3,027	3,935	3,946
<b>10</b>	<b>Total: Informal households</b>	<b>5,999</b>	<b>7,206</b>	<b>7,397</b>
11	Informal households with minimum and above service level	49.5%	45.4%	46.7%
12	Informal households below minimum service level	50.4%	54.6%	53.3%

### 3.7.2 Service Delivery Levels

Service delivery levels are required to be performed within time limits as set by NRS 047.

To facilitate the process, the Electro-Technical Services Division has a 365 days, 24 hour Call Centre facility. This call centre will receive all electricity and other emergency type of calls from the public and initiate the required actions required to remedy the complaints.

In addition the Control Centre will initiate a SMS information service to affected wards within the municipal area where service repairs will be affected for periods longer than 30 minutes. Social media messages on a Facebook site are used as an additional information platform during prolonged incidents.

### 3.7.3 Capital Expenditure

The Electricity Services Section spent R46.7million on an adjustments budget of R40.5million or 115.3% of the final adjustments budget on electricity infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 43: Capital Expenditure 2020/21 - Electricity Services**

Capital Expenditure 2020/21: Electricity Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	New Connections BICLs	-	22,885,402	29,097,211	-27.1%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Replacement: Dalwes Substation	9,250,000	9,249,993	9,249,992	0.0%
4	Parys Substation (Fire Incident)	-	2,301,455	2,301,455	0.0%
5	MV Substations	-	1,707,622	1,707,620	0.0%
6	Other Capital Projects	700,000	1,535,645	1,535,611	0.0%
7	Electrification of Informal Areas	1,500,000	1,500,000	1,500,000	0.0%
8	Switchgear	1,500,000	1,329,998	1,329,998	0.0%
9	<b>Total Capital Expenditure</b>	<b>12,950,000</b>	<b>40,510,115</b>	<b>46,721,887</b>	<b>-15.3%</b>

### 3.7.4 Major Projects Implemented

- Electrification Housing Projects: A total of hundred and eighty (180) informal structures have been provided with electricity at a cost of R1.5 million. Network upgrading are phased over a number of years in order to create spare capacity for future growth in the low cost housing areas. The Vlakkeland formal housing development is still underway with construction of houses in the respective sub phases. Electrical infrastructure has been installed in phases 1.1 to 1.4. Phase two will only commence once additional funding

is available. Schoongesicht formal housing development commence with construction for the first phase of the development.

- Dalwes substation: The switchgear of the substation were upgraded and commissioned.
- Installation of park and or security lights: Grant funding was received from the DBSA for the installation of park lights at seven (7) different parks in Drakenstein.

### 3.7.5 Operating Expenditure

Electricity services, as a trading service, generated an operating surplus of R260.1 million for the 2020/21 financial year. The surplus is used to subsidise operating expenditure of community services that do not generate revenue to sustain themselves.

**Table 44: Operating Revenue and Expenditure: Electricity Services**

Operating Revenue and Expenditure: Electricity Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,239,207,200)	(1,335,520,584)	(1,349,350,148)	(1,302,171,803)	-3.5%
2	<b>Total Operating Revenue</b>	<b>(1,239,207,200)</b>	<b>(1,335,520,584)</b>	<b>(1,349,350,148)</b>	<b>(1,302,171,803)</b>	<b>-3.5%</b>
3	Employee Related Costs	55,714,464	56,666,551	55,817,937	58,124,627	-4.1%
4	Impairment Losses on Financial Assets	12,232,062	15,840,484	15,840,484	17,916,153	-13.1%
5	Interest Paid	45,311,543	67,893,495	67,088,952	67,088,950	0.0%
6	Contracted Services	17,047,303	20,823,146	14,139,229	13,256,049	6.2%
7	Depreciation and Provisions	42,200,913	59,481,231	47,164,636	44,882,434	4.8%
8	Inventory	13,783,914	2,923,148	9,459,370	8,958,231	5.3%
9	Operational Costs	780,958,155	846,030,875	838,688,174	828,959,906	1.2%
10	<b>Total Operating Expenditure</b>	<b>967,248,356</b>	<b>1,069,658,930</b>	<b>1,048,198,782</b>	<b>1,039,186,351</b>	<b>0.9%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>(271,958,845)</b>	<b>(265,861,654)</b>	<b>(301,151,366)</b>	<b>(262,985,451)</b>	<b>-12.7%</b>

### 3.7.6 Employee Statistics

The Electricity Services Section has 242 posts on the organisational structure approved by Council on 31 May 2018 of which 86 posts are frozen and 156 posts funded at year-end. The section had 132 filled and 24 vacant posts at year-end, and based on the number of vacancies (16) had a vacancy rate of 15.4%.

**Table 45: Employees - Electricity Services**

Employees: Electricity Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	4	8	4	4	4	0	0.0%
3	T12 - T14	16	26	8	18	16	2	11.1%
4	T09 - T11	28	51	20	31	27	4	12.9%
5	T06 - T08	35	49	13	36	35	1	2.8%
6	T03 - T05	56	107	41	66	49	17	25.8%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	140	242	86	156	132	24	15.4%

### 3.8 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING)

Sustainable waste management practises are more than often faced with challenges and need to be reviewed on a continuous basis to address these challenges and mitigate any risks. Waste minimisation and diversion initiatives are key to decrease the amount of waste being disposed of at the waste disposal facility in Wellington. The main objective of this section is to manage the waste generated in the municipal area, in compliance to the license conditions of its facilities and the National Norms and Standards.

Public open spaces in high density areas are more than often used as illegal dumping sites. Although basic refuse collection services are delivered in these areas, the increase in informal structures and the presence of backyard dwellers, contribute to waste not being disposed of in the appropriate manner. A lack of environmental, sanitation and waste awareness often influence the way communities manage their waste.

The approval for the height extension the Wellington Disposal Facility will extend the lifespan of the facility with 5 to 7 years. The Provincial Department of Environmental Affairs and Development Planning has also committed to a 50 % organic waste diversion target by 2022 and 100 % diversion by 2027. The Municipality is compelled to compile a organic waste diversion plan, which will address strategies, processes and infrastructure which will enable the Municipality to reach the required diversion target.

#### 3.8.1 Service Statistics

High density areas and informal settlements receive a door-to-door black bag collection service at least once per week. This service is performed by means of the EPWP programme as these

areas are often inaccessible to the refuse trucks because of limited space between dwellings, illegal overhead power connections and presence of backyarders.

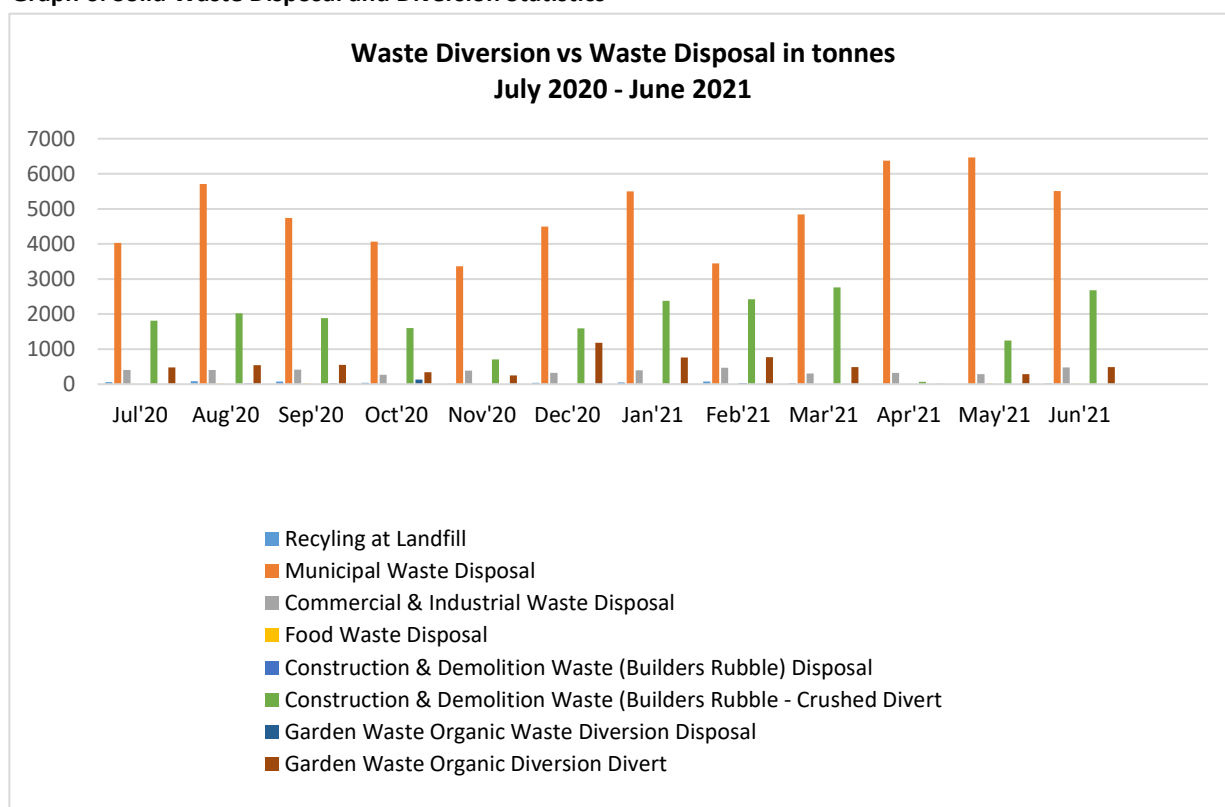
Separate collection of recyclable waste is implemented in certain residential areas, contributing to waste being diverted from landfill.

In efforts to address and minimize illegal dumping, a free disposal initiative was embarked from 1 March till 30 June 2021, which enabled residents to dispose of their excess waste at any of the disposal facilities free of charge instead of dumping it elsewhere posing a health and safety risk to the surrounding community. A total of 2015.13 tonnes of waste was disposed of during this period.

A total of 63,270.89 tonnes of waste was disposed and 27,812.64 tonnes were diverted from landfill.

Waste disposal and diversion statistics (in tonnes) for the different waste streams, are depicted in the table below:

**Graph 6: Solid Waste Disposal and Diversion Statistics**



### 3.8.2 Service Delivery Levels

The table below indicates that a solid waste kerbside refuse removal service is rendered at 42,635 formal households within Drakenstein, using a 240L wheelie bin. All 41 registered informal settlements and 1 non-registered informal settlement, receive a weekly door-to-door black bag waste removal service. Communal skips are placed in high-density and informal areas and serviced at least once a week. No services are rendered below the minimum service level by the Municipality.

**Table 46: Solid Waste Removal Service Delivery Levels**

Solid Waste Removal Service Delivery Levels				
Serial No.	Description	2018/19 Actual Number	2019/20 Actual Number	2020/21 Actual Number
Column Ref.	A	B	C	D
<b>1</b>	<b>Solid Waste Removal (Minimum level and above)</b>			
2	Removed at least once a week (bins)	*37,631	42,027	42,635
3	Removed at least once a week (black bags)	*5,999	5,999	7,206
<b>4</b>	<b>Sub-Total: Minimum service level and above</b>	<b>*43,630</b>	<b>-</b>	<b>49,481</b>
5	Minimum service level and above percentage	100%	-	100 %
<b>6</b>	<b>Solid Waste Removal: (Below minimum level)</b>			
7	Removed at least once a week	0	-	0
8	Removed less frequently than once a week	0	-	0
9	No rubbish disposal	0	-	0
<b>10</b>	<b>Sub-Total: Below minimum service level</b>		<b>-</b>	<b>-</b>
11	Below minimum service level percentage	0%	-	0 %
<b>12</b>	<b>Total number of household service points</b>	<b>*43,630</b>	<b>48,026</b>	<b>49,841</b>

*\*Indicating service points*

### 3.8.3 Capital Expenditure

The Waste Management Services Section spent R2.4 million or 100 % of the final adjustments budget on waste management infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.



**Table 47: Capital Expenditure 2020/21 - Waste Management (Refuse Collection, Waste Disposal and Recycling)**

Capital Expenditure 2020/21: Waste Management (Refuse Collection, Waste Disposal and Recycling)					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Digger Loader (Waste Management Vehicles)	-	1,436,380	1,436,380	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Landfill Design	-	606,062	606,059	0.0%
4	Other Capital Projects	2,700,000	194,233	194,232	0.0%
5	Street Refuse Bins	200,000	169,879	169,878	0.0%
6	<b>Total Capital Expenditure</b>	<b>2,900,000</b>	<b>2,406,554</b>	<b>2,406,548</b>	<b>0.0%</b>

### 3.8.4 Major Projects Implemented

#### Capital Projects:

- In efforts to enhance sustainable waste management and address illegal dumping, mini drop-off facilities have been constructed in high density areas, providing a facility where the community can dispose of their waste in an organised manner, instead of strewing and dumping it elsewhere. These facilities are being cleaned daily, creating a cleaner and safer environment.
- Wheelie bins were acquired in order to provide a sustainable waste collection service
- Dual polywood pavement bins were purchased and placed throughout the municipal area. These bins make provision for the separation of recyclable (dry) waste and non-recyclable (wet) waste. This promotes the Municipality's waste minimisation initiatives, assisting recyclable waste to be diverted from being landfilled.

#### Operational Projects:

- "Tannie Dinah Project":- This project has been successfully implemented to manage illegal dumping hotspots. Residents in close proximity of the hotspots are temporarily employed to take ownership of cleaning the area daily and reporting acts of illegal dumping. Positive results have been observed, resulting in these areas being free from illegally dumped waste. Pollution of natural resources has also been reduced.
- Ward Projects: Every ward has received a budget of R22,500 to implement cleaning activities in the respective wards. These projects were implemented for a two-week period and included street sweeping and litter picking. In addition to these activities, illegal dumping hotspots were cleaned using digger loaders and tipper trucks.
- Beautification of illegal dumping hotspots : This section has been involved with NGO's and members of the community to transform illegal dumping hotspots into a garden and recreational area, free of litter and waste.

### 3.8.5 Operating Expenditure

Solid waste services, as an economic service, generated an operating surplus of R94.2 million for the 2020/21 financial year.

**Table 48: Operating Revenue and Expenditure: Solid Waste Removal Services**

Operating Revenue and Expenditure: Solid Waste Removal Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(168,561,343)	(184,159,247)	(181,985,185)	(183,531,516)	0.8%
2	<b>Total Operating Revenue</b>	<b>(168,561,343)</b>	<b>(184,159,247)</b>	<b>(181,985,185)</b>	<b>(183,531,516)</b>	<b>0.8%</b>
3	Employee Related Costs	31,160,622	34,133,248	31,387,066	33,032,263	-5.2%
4	Impairment Losses on Financial Assets	8,313,572	16,961,616	16,961,616	16,493,426	2.8%
5	Interest Paid	4,586,824	6,873,659	6,792,207	6,792,205	0.0%
6	Contracted Services	10,046,133	16,571,185	11,959,867	7,989,598	33.2%
7	Depreciation and Provisions	8,188,685	6,710,425	8,410,082	8,636,072	-2.7%
8	Inventory	2,088,407	2,049,760	3,436,739	2,953,090	14.1%
9	Operational Costs	3,932,382	15,164,432	15,416,542	13,477,015	12.6%
10	<b>Total Operating Expenditure</b>	<b>68,316,626</b>	<b>98,464,325</b>	<b>94,364,119</b>	<b>89,373,668</b>	<b>5.3%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>(100,244,717)</b>	<b>(85,694,922)</b>	<b>(87,621,066)</b>	<b>(94,157,848)</b>	<b>7.5%</b>

### 3.8.6 Employee Statistics

The Waste Management (Refuse Collection, Waste Disposal and Recycling) Services Section has 341 posts on the organisational structure approved by Council on 31 May 2018 of which 192 posts are frozen and 149 posts funded at year-end. The section had 127 filled and 22 vacant posts at year-end, and based on the number of vacancies (22) had a vacancy rate of 14.8%.

**Table 49: Employees - Waste Management (Refuse Collection, Waste Disposal and Recycling)**

Employees: Waste Management (Refuse Collection, Waste Disposal and Recycling)								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	0	7	5	2	1	1	50.0%
4	T09 - T11	6	24	15	9	6	3	33.3%
5	T06 - T08	29	59	29	30	22	8	26.7%
6	T03 - T05	100	248	143	105	95	10	9.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>138</b>	<b>341</b>	<b>192</b>	<b>149</b>	<b>127</b>	<b>22</b>	<b>14.8%</b>

### **3.9 HOUSING**

The Housing and Human Settlements Division of the Municipality is located in the Department: Community Services. It consist of two sections, namely Housing Projects and Technical Support Services and Rental Stock and Housing Demand and Operations. It should be note that the housing function is not primarily that of local government, but that of the provincial government The Housing and Human Settlements Division of the Municipality is located in the Department: Community Services. It consist of two sections, namely Housing Projects and Technical Support Services and Rental Stock and Housing Demand and Operations. It should be note that the housing function is not primarily that of local government, but that of the provincial government

#### **3.9.1 Housing Projects**

The Housing Projects section is primarily responsible for the development of new housing opportunities, facilitate access to social and affordable housing and the upgrade of informal settlements with the ultimate aim to formalise these settlements. It further manages the municipal housing pipeline and human settlement plan.

The target for the year was the delivery of 350 housing opportunities.

Achievements/important events during the year include:

- The handover of 330 houses to beneficiaries of the Vlakkeland Catalytic Housing Development;
- The servicing of 405 sites at Vlakkeland;. Construction of units to commence in 2021/2022 financial year;
- The servicing of 88 sites at the Schoongezicht Housing Project (inclusive of electricity, water and ablution infrastructure);
- The handover of 17 of the last 25 houses to be constructed at the Lantana/Kolbe Street Housing Project to beneficiaries;
- Submission of feasibility application for the upgrade of 11 informal settlements currently in planning to the Provincial Department of Human Settlements;
- Final Adoption of the Integrated Human Settlement Sector Plan by Council; and
- Environmental Authorisation for the Paarl East IRDP housing project.

#### **3.9.2 Rental Stock and Support Services**

The Rental Stock and Support Services Section is responsible for the management and maintenance of 3,772 rental units, the management of the housing demand data base (i.e. the

waiting list for housing opportunities), management of informal settlements and the management of evictions and emergency housing.

The following projects were successfully completed. The Rental Stock and Support Services Section is responsible for the management and maintenance of 3,772 rental units, the management of the housing demand data base (i.e. the waiting list for housing opportunities), management of informal settlements and the management of evictions and emergency housing

The following projects were successfully completed.

**Table 50: Rental Stock and Support Services projects implemented**

Serial No.	Projects	Comments
Column Ref.	A	B
1	Upgrade of various rental units	<ul style="list-style-type: none"> <li>• Ward 20 - Replacement of broken windows;</li> <li>• Ward 21 and 24 – Supply and installation of steel “afdakies”(Ribbok and Springbok Street);</li> <li>• Ward 24 – Water proofing of outside walls - Springbok Flats Block C-D and Spring Street rental units;</li> <li>• Ward 20 - Installation of ceilings at rental units;</li> <li>• Ward 26 – Repair of fire damage – Solomon Flat J and H block;</li> <li>• Ward 24 – Repair of fire damage – Rietbok Flats 5 and adjacent units;</li> <li>• Ward 20, 21,25 and 26 - Paint my Story Project;</li> <li>• Ward 20 and 24 Urgent repair work of concrete stairs and supply and installation of steel stairs structures;</li> <li>• Ward 25, 27 –Repair work of fire damage –Block 9 Azalia Street and Block U – Loerie Flats; and</li> <li>• Ward 20 and 24 – Replacement of staircases at B1 Springbok Street and Magnolia Flat – A Block.</li> </ul>
2	Improve access to basic services in Informal Settlements	<ul style="list-style-type: none"> <li>• Construction of 20 precast waterborne toilets and 4 water standpipes to improve access to basic services in informal settlements.</li> </ul>
3	New water meters –Amstelhof to enable transfer of property	<ul style="list-style-type: none"> <li>• Installation of 32 new connections.</li> </ul>

## Challenges

- Housing Demand for 20,371 low cost houses;
- Forty one registered (41) informal settlements comprising of 7,356 structures and housing an estimated 14,528 people;
- High Rate of eviction applications and access to serviced land for evicted families;
- Access to funding to improve basic services and the maintenance of these services in Informal Settlements

- Vandalism and theft of basic services infrastructure in the informal settlements; and
- Gang violence and crime is increasing daily and workers are threatened when performing their duties.

### 3.9.3 Housing Pipeline

Annually, a pipeline of projects is presented to the Mayoral Committee for approval. These projects are then submitted to the Provincial Department of Human Settlements, who in turn link it to a business plan. The business plan for the 2020/21 financial year is indicated in the table below.

**Table 51: Housing Pipeline Projects**

Housing Pipeline Projects			
Serial No.	Project	Description	Progress for 2020/21
Column Ref.	A	B	C
1	Vlakkeland Housing Development	Development of 2,556 housing opportunities in phases over multiple financial years.	405 sites were serviced and 330 houses were handed over to beneficiaries.
2	Chester Williams (139 opportunities)	Upgrade of informal settlement.	Project Feasibility report submitted to the Provincial Department of Human Settlements (DoHS) for approval.
3	Lovers Lane (168 opportunities)	Upgrade of informal settlement.	Project Feasibility report submitted to the DoHS for approval.
4	Dignified Informal Sites (360 opportunities)	Upgrade of 9 informal settlements.	Project Feasibility report submitted to the DoHS for approval.
5	Paarl East IRDP Project	Greenfields development catering for 538 housing opportunities.	Environmental authorisation obtained for the project.
6	Simondium	Development of 1,033 opportunities.	Feasibility Planning in process. Provisional layout plan was accepted in principle by key project stakeholders (including the representative Task Team of the community).
7	Erf 557	Proposed mixed use development to cater for approximately 500 opportunities.	The DoHS approved the Project Initiation Document (PID). A service level agreement to be concluded early in 2021/2022 financial year, funds will be released by DoHS for further feasibility planning.
8	Schoongezicht	Servicing of 347 sites.	88 Sites serviced during the year.

### 3.9.4 Housing Statistics

Table 52: Housing Statistics

Housing Statistics			
Serial No	Description	Totals	Remarks
Column No.	A	B	C
1	New applications captured on the WCHDDDB	457	Daily capturing of new applications within 5 days.
2	Number of cancelled applications	16,041	Cancelled application involves persons who did not update their information when required.
3	Number of persons assisted	5,846	The number of persons assisted with housing opportunities.
4	Number of active persons on the waiting list	20,371	Active persons refer to persons who updated their information during the course of the year.
5	Total number of persons on the demand database	42,463	The total number of persons on the demand database (waiting list), including the active, cancelled and assisted.
6	Housing allocations	10	New allocations to Council rental units – next qualified applicants on the waiting list.
7	Transfers of rental units	81	Successfully attended to in cases where the tenant passed on, etc.
8	Exchanges	10	Tenants agreements and medical reasons.
9	Issue of starter kits for fire victims	68	Informal structures were destroyed during a fire.
10	Renewal of Lease Agreements	575	Successfully completed renewals of lease agreements. Successfully completed renewals of lease agreements.

### 3.9.5 Evictions

At the end of the financial year, Drakenstein Municipality had approximately 1,406 evictions cases registered (ESTA 598 and PIE 808) and as a result, causing it to still remain one of the national hotspots in the country for evictions. Evictions, particularly ESTA Evictions are posing a huge risk to the municipal resources. Land and finances for resettlement are resources that are not necessarily readily available given all of the other challenges already faced by local government. Instances where land owners apply for mass evictions are especially challenging since this puts a huge strain on already dwindling resources. This is a challenge that needs to be managed very carefully.

### 3.9.5.1 Summary of Prevention of Illegal Eviction and Unlawful Occupation of Land (PIE) Data Base

- Registered cases = 808
- Cases Pending in court = 365
- Orders granted = 272
- Cases Withdrawn = 76
- Struck from roll = 72

### 3.9.5.2 Summary of Extension of Security of Tenure Act (ESTA) Data Base

- Registered cases = 598
- Cases Pending in court = 167
- Orders granted = 161
- Cases Withdrawn = 35
- Cases Struck from roll = 34

The reviewed Human Settlement Plan (HSP) identify various pockets of land for investigation and feasibility to assist the Municipality in addressing the evictions challenges over the medium to long term.

## 3.9.6 Capital Expenditure

The Housing Services Section spent R17.3 million or 93.9% of the final adjustments budget on bulk and internal infrastructure projects needed for housing projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 53: Capital Expenditure 2020/21 - Housing Services**

Capital Expenditure 2020/21: Housing Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Basic Services : Schoongezicht Emergency Housing Project	6,900,000	10,708,962	10,690,948	0.2%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Schoongezicht Boundary Wall	-	1,262,708	1,262,708	0.0%
4	Water Meters and Connections Amstelhof	-	1,237,016	1,237,016	0.0%
5	Schoongezicht Civil Services - Water	-	1,097,713	1,097,360	0.0%
6	Kingston/Lantana Streetlights	-	899,998	899,997	0.0%
7	Upgrading Own Rental Stock	-	815,315	815,314	0.0%
8	Other Capital Projects	1,787,291	1,224,595	629,591	48.6%
9	Rebuilding of Grysbok and Springbok Flat	-	994,876	478,667	51.9%
10	Drommedaris Housing Electrification	-	234,179	234,178	0.0%
11	<b>Total Capital Expenditure</b>	<b>8,687,291</b>	<b>18,475,362</b>	<b>17,345,779</b>	<b>6.1%</b>

### 3.9.7 Operating Expenditure

Housing services, a Schedule 4 of the Constitution of the Republic of South Africa functional area of concurrent national and provincial legislative competence, generated an operating deficit of R60.9 million for the 2020/21 financial year. The deficit is subsidised through surpluses of trading services. It remains an underfunded mandate from National and Provincial Government.

**Table 54: Operating Revenue and Expenditure: Housing Services**

Operating Revenue and Expenditure: Housing Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(60,064,628)	(114,060,897)	(25,922,299)	(24,953,639)	-3.7%
<b>2</b>	<b>Total Operating Revenue</b>	<b>(60,064,628)</b>	<b>(114,060,897)</b>	<b>(25,922,299)</b>	<b>(24,953,639)</b>	<b>-3.7%</b>
3	Employee Related Costs	24,465,212	25,235,699	25,363,117	26,119,367	-3.0%
4	Impairment Losses on Financial Assets	20,716,809	6,687,522	6,687,522	1,749,701	73.8%
5	Interest Paid	3,242,197	4,858,641	4,801,066	4,801,066	0.0%
6	Contracted Services	7,679,743	78,569,000	12,811,447	18,840,209	-47.1%
7	Depreciation and Provisions	28,418,619	13,930,295	31,482,340	29,972,029	4.8%
8	Inventory	3,962,094	344,200	3,997,416	4,036,198	-1.0%
9	Operational Costs	801,037	1,373,000	679,051	358,922	47.1%
<b>10</b>	<b>Total Operating Expenditure</b>	<b>89,285,710</b>	<b>130,998,357</b>	<b>85,821,959</b>	<b>85,877,490</b>	<b>-0.1%</b>
<b>11</b>	<b>Operating (Surplus) / Deficit</b>	<b>29,221,082</b>	<b>16,937,460</b>	<b>59,899,660</b>	<b>60,923,851</b>	<b>1.7%</b>

### 3.9.8 Employee Statistics

The Housing Services Section has 141 posts on the organisational structure approved by Council on 31 May 2018 of which 64 posts are frozen and 77 posts funded at year-end. The section had 70 filled and 7 vacant posts at year-end, and based on the number of vacancies (7) had a vacancy rate of 9.1%.



**Table 55: Employees - Housing Services (Housing Projects and Rental Stock)**

Employees: Housing Services (Housing Projects and Rental Stock)								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	5	4	1	1	0	0.0%
3	T12 - T14	4	4	0	4	4	0	0.0%
4	T09 - T11	13	29	16	13	13	0	0.0%
5	T06 - T08	32	64	32	32	28	4	12.5%
6	T03 - T05	27	39	12	27	24	3	11.1%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	78	141	64	77	70	7	9.1%

### 3.10 FREE BASIC SERVICES AND INDIGENT SUPPORT

The provision of free basic services in Drakenstein Municipality is regulated by the Indigent Support Policy. The free basic services are funded through the Equitable Share allocation to the Municipality in the Division of Revenue Act. The free basic services are provided to consumers based on qualifying criteria set out in the Indigent Support Policy. This criteria is reviewed annually to enable the provision of free basic services to all consumers who are eligible. For the 2020/2021 financial year the free basic services were provided to qualifying pensioners and disabled persons earning less than two times the state grant plus 20%, to all unemployed consumers and to employed consumers earning less than R4,450 per month with a sliding scale to an amount of R6,500 per month.

In the 2019/20 financial qualifying indigent consumers were classified into 4 categories, where category A consumers with earnings up R4,450 per month received a 100% subsidy, category B consumers with earnings up R4,950 per month received an 80% subsidy, category C consumers with earnings up to R6,200 per month received a 50% subsidy and category D consumers with earnings up to R6,500 received a 20% indigent subsidy.

#### 3.10.1 Access to free basic services

Until February 2017 all consumers in Drakenstein Municipality received 6 kl of water free per month. This practise was changed by Council as a result of the drought conditions where only the qualifying indigent consumers are provided with 6 kl of free water per month. In addition to the free water, all indigent consumers on a monthly basis receive either 50 or 100 units of free electricity depending on their indigent subsidy categorisation, free refuse removal service, free sanitation services and free property rates up to a valuation of R950,000.

### 3.10.2 Free basic services per basic service

The statistics of the free basic services delivered per service to consumers for the 2020/21 are depicted in the table below. Notable is that Drakenstein provided free services to the amount of R155.6 million compared with the R187.3 million equitable share received from the National Fiscus during the year under review.

**Table 56: Free basic services delivered per service**

Free basic services delivered per service							
Serial No.	Service	2018/19		2019/20		2020/21	
		Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided	Number of Consumers	Rand Value Provided
Column Ref.	A	B	C	D	E	F	G
1	Property Rates and Rentals	9,585	34,575,604	15,120	44,844,242	10,399	22,600,128
2	Refuse Removal and Sanitation	19,805	58,045,131	17,987	48,898,139	21,218	68,419,785
3	Water	19,805	16,337,878	17,987	11,731,103	21,218	16,880,819
4	Electricity	19,179	52,278,593	19,437	46,983,740	21,588	47,704,175
5	<b>Total</b>		<b>161,237,206</b>		<b>152,457,224</b>		<b>155,604,907</b>

## COMPONENT C: ROAD TRANSPORT

### 3.11 ROADS AND STORMWATER

In accordance with the principles of Key Performance Area 4: Physical Infrastructure and Services as well as Key Focus Area 26 relating to Transport, Traffic Engineering, Roads and Stormwater, the activities of this section focuses on the development and maintenance of infrastructure for the conveyance of people and goods in all its forms. Further functions include the installation and maintenance of regulatory items to effectively safeguard residents and users of the infrastructure as well as the maintenance and installation of infrastructure to mitigate risk resulting from adverse weather conditions.

#### 3.11.1 Transport

The main means of public transport are minibus taxis for both local and long distance commuting as well as train and bus for long distance travel.

#### 3.11.2 Traffic Engineering

The Traffic Engineering Section is responsible for the maintenance of all traffic light installations, traffic signage, road markings as well as directional and tourism signage as may be required.

On provincial roads of mutual interest, the installation of traffic signals is executed ~~done~~ in collaboration with the Provincial Department of Transport, with the municipality being responsible for all maintenance and burning costs.

As flouting of rules and regulations are becoming the order of the day, the section also determines whether traffic calming installations are warranted and installs the infrastructure as determined in accordance with available budget in support of law enforcement actions.

The section performed very well during the year. In total approximately 28,896.50 square metres of general road markings were maintained in Paarl; 452 intersections; 1,141 parking spaces, 1,872 stop signs; 490 yield signs were remarked.

#### 3.11.3 Roads

The function of the roads section is to attend to the upgrade of the existing roads and streets, to extend and improve the network, and maintain all classes of roads.

The Pavement Management System has been upgraded and is utilised to determine the required actions in preventative maintenance of the network in order to reduce the need for major reconstruction of streets.

Provincial main roads of mutual interest are maintained and upgraded in collaboration with the Provincial Department of Transport whereby that department provides 80% of funding required.

The Integrated Transport Plan (ITP) has been upgraded to a Comprehensive Integrated Transport Plan (CITP) whereby future planning for the transport systems and network is determined.

### **3.11.3.1 Roads Statistics**

The upgrading of Oosbosch Street between Berg Rivier Boulevard and Jan van Riebeeck Drive to a divided four lane road, including the widening of the bridges over the Berg River Boulevard and the railway line, is under construction with an estimated completion date of August 2021.

A total of 10326 meters of streets were resealed; 10,817 potholes were repaired; and 7,273.71m<sup>2</sup> of tarring work was done.

The Roads Section performed very well during the year and managed to mitigate most of the formation of potholes and surface breakdowns.

Budgetary constraints is resulting in a serious backlog in attending to the preventative maintenance of the roads infrastructure which could result in the deterioration of service levels.

**Table 57: Gravel Road Infrastructure**

Gravel Road Infrastructure					
Serial No	Kilometres				
	Year	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Tar Roads	Gravel Roads Graded / Maintained
Column Ref.	A	B	C	D	E
1	2018/19	38.85	0.00	2.00	36.85
2	2019/20	36.85	0.00	0.00	36.85
3	2020/21	36.85	0.00	0.00	36.85

**Table 58: Asphalted Road Infrastructure**

Asphalted Road Infrastructure						
Serial No	Kilometres					
	Year	Total Asphalted roads	New Asphalt roads	Existing Asphalt Roads Re-asphalted	Existing Asphalt Roads Re-sheeted	Asphalt Roads Maintained
Column Ref.	A	B	C	D	E	F
1	2018/19	507.77	0.00	0.00	2.38	507.77
2	2019/20	510.23	2.46	0.00	7.436	507.77
3	2020/21	510.23	0.00	0.00	10.326	507.77

### 3.11.4 Stormwater Drainage

The Stormwater Section is responsible for the planning of expansion, installation and maintenance of the storm water network, including all existing pipelines and culverts (±350 km), manholes, catch pits and rivers and streams (±40 km).

Within the budgetary constraints, the system kept free of obstructions as far as possible in order to mitigate possible flooding during high intensity downpours. The section endeavours to clean the complete system at least twice annually, with quarterly actions at known hotspots. Continued and increasing irresponsible littering and intentional dumping of rubbish in the storm water systems remains a major cause of blocked drains. This illegal action results in flooding of property especially in low lying areas.

The compilation of the Storm Water Master Plan and floodlines remains an absolutely critical aspect which will have to be attended to, to provide for the maintenance and upgrading of the existing system, and planning of storm water system requirements in terms of the SDF.

#### 3.11.4.1 Stormwater Statistics

Upgrading of the aging pipe stormwater system is required in many instances. Where pipes have deteriorated to such an extent that they need replacing, the upgrading is done by slip-lining the pipelines instead of replacing the pipelines. This work is done in situ with no need for excavation, thereby reducing the negative effect of construction work on the residents and their movements. The cost of this method is dramatically less than conventional replacement of pipes, thereby enabling more rehabilitation work within the limited budget available.

No slip-lining of pipelines of varying diameters were instigated in the financial year. All 350 km of the system was cleaned at least twice; 5,562 manholes were cleaned; 1,052 blockages attended to; 470 repairs to installations undertaken; and 32 sinkholes repaired.

Taking cognisance of the limited resources, the section performed very well.

**Table 59: Stormwater Infrastructure**

Stormwater Infrastructure					
Serial No.	Kilometres				
	Year	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Column Ref.	A	B	C	D	E
1	2018/19	355.27	0.000	0.000	355.27
2	2019/20	356.77	1.02	0.480	355.27
3	2020/21	356.77	0	0	356.77

### 3.11.5 Capital Expenditure

The Roads and Stormwater Section spent R67.6 million or 76.8% of the final adjustments budget on roads and stormwater infrastructure projects (traffic engineering included) for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 60: Capital Expenditure 2020/21 - Roads & Stormwater (Traffic Engineering included)**

Capital Expenditure 2020/21: Roads & Stormwater (Traffic Engineering Included)					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Upgrading Of Oosbosch Street	76,983,546	76,983,546	56,511,999	26.6%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Upgrade Existing Side Walks (Drakenstein)	500,000	5,348,264	5,348,264	0.0%
4	Upgrading of Areas Around Paarl East	2,097,843	3,922,820	3,922,820	0.0%
5	Traffic Lights Wellington Industrial Area	1,800,000	1,800,000	1,800,000	0.0%
6	Other Capital Projects	-	5,172	5,171	0.0%
7	<b>Total Capital Expenditure</b>	<b>81,381,389</b>	<b>88,059,802</b>	<b>67,588,254</b>	<b>23.2%</b>

### 3.11.6 Major Projects Completed

- No storm water systems were upgraded; and
- The substantial completion of the Oosbosch Street upgrading is estimated for completion by September 2021.

### 3.11.7 Operating Expenditure

Roads and stormwater services, as a community service, generated an operating deficit of R68.9 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 61: Operating Revenue and Expenditure: Roads and Stormwater Services**

Operating Revenue and Expenditure: Roads and Stormwater Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(29,623,741)	(72,849,572)	(72,849,572)	(59,367,928)	-18.5%
2	<b>Total Operating Revenue</b>	<b>(29,623,741)</b>	<b>(72,849,572)</b>	<b>(72,849,572)</b>	<b>(59,367,928)</b>	<b>-18.5%</b>
3	Employee Related Costs	38,809,211	36,580,135	39,492,522	38,750,632	1.9%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	19,264,659	28,869,350	28,527,247	28,527,245	0.0%
6	Contracted Services	6,659,214	10,380,172	7,396,736	6,850,440	7.4%
7	Depreciation and Provisions	45,350,607	48,622,255	50,684,037	47,794,151	5.7%
8	Inventory	3,060,618	1,277,740	2,075,804	2,910,251	-40.2%
9	Operational Costs	2,562,306	2,644,297	3,517,784	3,430,296	2.5%
10	<b>Total Operating Expenditure</b>	<b>115,706,615</b>	<b>128,373,949</b>	<b>131,694,130</b>	<b>128,263,014</b>	<b>2.6%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>86,082,874</b>	<b>55,524,377</b>	<b>58,844,558</b>	<b>68,895,086</b>	<b>17.1%</b>

### 3.11.8 Employee Statistics

The Roads and Stormwater Services Section has 262 posts on the organisational structure approved by Council on 31 May 2018 of which 89 posts are frozen and 173 posts funded at year-end. The section had 158 filled and 15 vacant posts at year-end, and based on the number of vacancies (15) had an 8.7% vacancy rate.

**Table 62: Employees - Roads and Stormwater Services**

Employees: Roads and Stormwater Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	1	1	50.0%
3	T12 - T14	4	6	2	4	4	0	0.0%
4	T09 - T11	7	13	5	8	7	1	12.5%
5	T06 - T08	29	52	20	32	27	5	15.6%
6	T03 - T05	126	188	61	127	119	8	6.3%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>168</b>	<b>262</b>	<b>89</b>	<b>173</b>	<b>158</b>	<b>15</b>	<b>8.7%</b>



## COMPONENT D: PLANNING AND DEVELOPMENT

### 3.12 INTRODUCTION

The Planning and Development Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Heritage, Geographical Information Services, Environmental Management, Rural Development and Economic Growth and Tourism. The Department is responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment. The Department facilitates physical, social and economic development and growth.

### 3.13 PLANNING SERVICES

The Division: Planning Services is responsible to ensure the orderly and sustainable development and compliance management of the built environment within the Drakenstein Municipal area, through creating an enabling environment in order to give effect to the Municipality's vision of creating "A city of excellence". Spatial development frameworks, design guidelines and spatial development orientated policy documents are generated to guide appropriate sustainable development at the appropriate spatial location.

The Division: Planning Services attends to spatial planning, geographical information services, heritage, building control, land use planning and land surveying matters.

#### 3.13.1 Section: Spatial Planning, Heritage and Geographical Information Services (GIS)

The Spatial Planning, Heritage and Geographical Information Services Section consists of a Spatial Planning Sub-Section, a Heritage Sub-Section and a Geographical Information Services Sub-Section.

##### 3.13.1.1 Sub-Section: Spatial Planning

The purpose of the sub-section is to formulate and implement policies and frameworks in order to achieve the spatial vision and form of Drakenstein Municipality.

The Sub-Section Spatial Planning is responsible for:

- Formulating, amending and/or reviewing a Municipal Spatial Development Framework;
- Formulating Local Spatial Development Frameworks for certain identified geographical areas within Drakenstein Municipality;
- Developing spatial planning related policies, guidelines and strategies in order to guide the long-term development of the Municipality;

- Providing inter-departmental support, from a town planning and land development perspective, on projects execution;
- Providing comment on land use applications and environmental applications; and
- Participating in the process of formulating provincial and national town planning policies, strategies, guidelines and legislation.

The Sub-Section Spatial Planning initiated the following project during the 2020/21 year:

- Compilation of an investment plan for the Paarl CBD, Paarl East and Mbekweni Area;
- Compilation of the Drakenstein Netted Structures Policy; and
- Compilation of the Drakenstein Development Guidelines.

#### **3.13.1.2 Sub-Section: Heritage**

The purpose of the sub-section is to identify, protect and manage the heritage resources and cultural landscapes of the Drakenstein Municipality. The afore-mentioned are achieved through the implementation heritage policies and legislation at a municipal level, in conjunction with Heritage Western Cape.

The Sub-Section Heritage initiated the following projects during the 2020/21 year:

- Compilation of the Terms of Reference for the Drakenstein Heritage Committees; and
- Compilation of the Bain's Kloof Heritage Area Policy.

#### **3.13.1.3 Sub-Section: Geographical Information Services (GIS)**

The main purpose of the GIS Sub-Section is to provide and maintain Geographic Information System services and products for the department, provide GIS related guidance and support to managers and staff, and to take an active role in the development and maintenance of organisational Geographic Information System services.

#### **3.13.1.4 Major Projects Completed**

Major projects undertaken during the year under review include:

- Review of the 2020 Drakenstein Spatial Development Framework (SDF): The compilation of a new 5-year Municipal SDF was initiated in September 2018 and concluded in May 2020. The SDF was approved, as part of the Drakenstein Integrated Development Plan (IDP), by Council on 29 May 2020. The 2020 SDF was subsequently reviewed and approved, as part of the IDP, in May 2022.
- Devolution of heritage competency: Drakenstein Municipality is engaging in a process with Heritage Western Cape to devolve certain provincial heritage competencies towards

the Municipality in terms of the National Heritage Resources Act, Act 25 of 1999. Heritage Western Cape is currently preparing a guideline and policy documents which will assist in the approval and implementation of proposed heritage area and the process of devolving certain provincial heritage competencies.

- Identification of municipal land that presents investment opportunities: A process of identifying all municipal land that presents investment opportunities was initiated by this section. All land that have been identified is now being investigated in order to identify the best and highest use in order to achieve the objectives of the IDP. Following the aforementioned investigations, the land will be released to the private sector for development purposes.
- Enhancement of the Drakenstein cadastral information maintenance process: The Drakenstein cadastral information maintenance process was reviewed in order to implement and reflect the most accurate and up-to-date cadastral information. The maintenance process was originally conducted every 3 months. However, after the refinement of the process, the maintenance process is now conducted every month.

### **3.13.2 Section: Building Control**

Municipalities' bylaws must inter alia manage the way in which land within their area of jurisdiction is used and how buildings are erected. The Land Use Planning and Survey Section deal with the use of land and the Building Control Section deals with building activities, which entails new buildings, additions and alterations to existing buildings and temporary structures.

All municipalities administer the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977), the regulations embodied in the act and the South African Standard Code of Practice (SANS 10400 for the application of the regulations). The purpose thereof is to ensure that buildings are designed and built in such a manner that people can live, learn, work and play in a healthy and safe built environment.

The National Building Regulations require that no person may erect, alter, add on or convert a building without the prior approval of the local authority. Building plans are assessed against the requirements of the building standards, regulations, any other applicable legislation, and 23 sections of the SANS 10400, that deal with various aspects of a building.

Once building plans are approved, the building inspectors carry out three compulsory inspections, namely:

- The inspection of all foundation trenches and the positioning of the building on-site;
- The inspection of all new drainage installations; and
- On completion of a building, a final inspection (completion) is carried out as no building may be occupied without a certificate of occupation.

Prior to the issuing of the certificate of occupation, the building inspector ensures compliance with the structural aspects, fire installation, health requirements, electrical installation, roads and storm water requirements, drainage installation, energy efficiency of the structure and compliance with the approved building plan.

Furthermore, it is the responsibility of the building inspector to address illegal structures and unsafe structures, be a witness in court cases on behalf of Council, implement legal action when required, control building rubble, enhance public safety, assist the general public and professionals with information on building control related matters and performs administrative tasks associated with these functions.

Local authorities act in the interest of the owner when carrying out the compulsory inspections and have no financial or any other interest in such buildings. For this reason, the owner of a building must appoint his/her own clerk of works to inspect and control the quality and workmanship of the building work. There is thus no obligation on the Council's building inspectors to control the quality of workmanship and materials, but the owner must be informed by Council of poor quality workmanship and/or materials when observed.

COVID-19 has continued to bring its own challenges throughout the year in review, however the Building Control Section continued its processes and functions. The implementation of a complete automation of its plan assessment and approval process proved crucial, as staff could continue to work remotely from home as and when required with the implementation of the various promulgated COVID-19 lockdown levels. The electronic stamping of approved building plans, was fully implemented during this period. Electronic invoicing of various income streams within Building Control has been implemented and eliminates the need for hand written invoices and applicants having to travel to the municipal offices to pay for services. The request for and issuing of copies of building plans was dealt with electronically. A standard operating procedure to address the health and safety aspects of Building Control officials when conducting the legislated site inspections, was implemented and updated as required during the various COVID-19 lockdown levels.

#### **3.13.2.1 Building Control Statistics**

A total of 1,184 new building plan applications, for various types of projects, have been submitted for consideration over the year under review. This amounts to a total of 164,934 m<sup>2</sup> of potential development area with an estimated value of R1,538 billion.

Although 1,184 new application were received, a total of 3,332 determination, consisting of 1,201 approvals and 2,131 non-approvals requiring amendment and resubmission, were made. Determinations consists of approvals, non-approvals of plans submitted during the financial year; and plans of the previous financial year which was not finalised during the financial year submitted. Due to non-approvals, thus requiring amendments, numerous plans were assessed more than once.

**Table 63: Applications for Land Use Development**

Applications for Land Use Development										
Serial No.	Detail	Formalisation of Townships			Rezoning			Building Environment		
		2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021
Column Ref.	A	B	C	D	E	F	G	H	I	J
1	Planning applications received	9	16	11	12	14	20	2,625	1,330	1,184
2	Determination made in year of receipt	1	4	2	4	1	2	3,802	1,300	1,140
3	Determination made in following year	-	-	-	-	-	-	643	848	30
4	Applications withdrawn	-	-	0	-	-	1	0	452	0
5	Applications outstanding at year end	8	0	9	8	0	17	2	2	44

Below is a breakdown of new building plan applications approved during the financial year:

**Table 64: Building Plan Applications Approved 2020/2021**

Building Plan Applications Approved 2020/2021					
Serial No.	Application Type	Total	%	Floor Area	Value ®
Column Ref.	A	B	C	D	E
1	Residential	1,045	87.01	122,092m <sup>2</sup>	R1,202,741,000.00
2	Non-Residential	156	12.99	329,391 m <sup>2</sup>	R1,026,082,635.57
3	<b>Total</b>	<b>1,201</b>	<b>100</b>	<b>452,023m<sup>2</sup></b>	<b>R2,228,823,635.57</b>

Over the past 12 months the municipal Building Inspectors were responsible for carrying out 3,387 building inspections throughout the Municipality. These include beacon inspections (1,263), commencement/foundation inspections (802), drainage inspections (419), completion inspections (1,389) as well as certificate of occupation applications (602). A total of 311 certificates of occupation were issued during the financial year.

Furthermore, a total of 12 demolition applications were processed during the financial year and 273 building control related complaints were received and addressed at an average of 22.75 complaints per month.

### **3.13.2.2 Major Projects Completed**

During 2020/21, the following two bylaws were implemented:

- Building Control Bylaw: The bylaw is supplementary to Act 103 of 1977 (Act) and the National Building Regulations (NBR) to ensure uniformity with regard to building standards, the erection of buildings and the submission, consideration and approval of building plans. All persons, including organs of state, must submit building plans and specifications for consideration and approval by the Municipality in respect of buildings as provided for in this bylaw, the Act and the NBR and shall pay the required fees as contemplated in section 8.

The bylaw addresses various elements, which inter alia include:

- Approval required for buildings to be erected;
- Buildings that require approval of the Municipality;
- Containers, air-conditioning unit, pool pumps, bore holes, solar energy systems, wind turbines, etc.;
- Certificate of occupancy;
- Compliance and enforcement;
- Offences and penalties; and
- Appeals.

The bylaw will be reviewed during the 21/22 financial year.

- Problem Premises Bylaw: The bylaw is supplementary to the Act and the NBR to ensure the proper care and maintenance of buildings and premises, whether vacant or occupied. This bylaw applies to all problem premises situated within the area of jurisdiction of the Municipality.

The Municipality may consider the realities of the Drakenstein, the different customs, cultures, circumstances, geographical areas, kinds of premises, and the Municipality may determine the areas of applicability.

The bylaw addresses various key elements, which includes:

- Appointment of authorised officials;
- Entry by authorised official of buildings and land;
- Declaration of problem premises;
- Recovery of cost;
- Appeals; and
- Offences and penalties.

The bylaw will be reviewed during the 2021/22 financial year.

### **3.13.3 Section: Land Use Planning and Surveying**

The Land Use Planning and Surveying Section is responsible to ensure the orderly and sustainable development and management of the built environment.

Land-use planning refers to a wide range of activities that direct the future use of land and manage the current use thereof in order to ensure the optimal use of land within a political, social, cultural, environmental and economic context.

The section is mainly responsible for the processing of applications for land use changes (by means of township establishment, rezoning, consent uses, departures, temporary departures, amendment of conditions of approval and removal of restrictive title conditions), as well as farm subdivisions, urban subdivisions and exempted subdivisions. The section is furthermore responsible for the scrutinising of building plans for compliance with zoning parameters and site dimensions, as well as attending to illegal land uses.

The most important instruments used in land use management is the Zoning Scheme Bylaw and the Bylaw on Municipal Land Use Planning. In order to comply with the provisions of new planning legislation, a new single zoning scheme for the whole of the Drakenstein Municipal area has been developed and adopted by Council during June 2018, together with the Municipal Bylaw on Municipal Land Use Planning. In terms of these bylaws, more streamlined application processes have been catered for and more types of land use rights have been allocated under specific zoning categories. This has proved to be beneficial in unlocking development, as the normally complex and time consuming change of land use right applications, are not required.

In order to cater for more streamlined application processes an electronic land use planning application processing system has been developed and implemented. The system consists of an external internet portal for application submission purposes and an electronic on-premises solution for processing purposes, within the framework of the existing Collaborator platform. The primary objective of this Collaborator System is to allow external stakeholders to interact

with the Land Use Planning and Surveying Section via the internet and applications to be electronically processed. In order to further streamline the process a project to further refine the processes have been embarked upon.

In response to the COVID-19 Pandemic lockdown, applicants were allowed to advertise and circulate applications themselves. This proved to be a success, with this working method to be continued with in future.

### 3.13.3.1 Service Statistics

**Table 65: Service Statistics - Land Use Planning & Surveying**

Service Statistics – Land Use Planning and Surveying				
Serial No.	Applications	2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Simultaneous rezoning and subdivision (inclusive of township establishment)	17	8	10
2	Rezoning	12	13	12
3	Consent Uses	16	13	13
4	Temporary Departures	0	0	1
5	Removal of restrictive Title conditions	2	2	2
6	Amendment of Conditions of Approval	17	11	14
7	Farm Subdivisions	1	1	1
8	Urban Subdivisions	9	15	20
9	Exempted Subdivisions	42	35	29
10	Consolidations	3	5	3
11	Home Owners Association Constitution approval/amendments	1	1	9
12	Zoning determinations	1	0	0
13	Extension-of-time	8	6	7
14	Site Development plan approvals	0	1	2
15	House Shops	0	10	17
16	Departures/Technical approval	1	8	16
17	Departures as part of Building Plan approvals	125	98	106

### 3.13.3.2 Major Projects Completed

- The Draft Liquor Premises Policy has been adopted for public participation purposes and is expected to be finalized during the next financial year.

### 3.13.4 Capital Expenditure

The Planning Services Department spent R154.3 thousand or 100% of the final adjustments budget on machinery, equipment and professional fees for infrastructure for the year under review.



**Table 66: Capital Expenditure 2020/21 - Planning Services**

Capital Expenditure 2020/21: Planning Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Machinery and Equipment	150,000	154,305	154,305	0.0%
2	Extension of Basic Services: Informal Settlements Water	150,000	154,305	154,305	0.0%

### 3.13.5 Operating Expenditure

Planning services, as a community service, generated an operating deficit of R43.1 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 67: Operating Revenue and Expenditure: Planning Services**

Operating Revenue and Expenditure: Planning Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(9,865,886)	(7,464,024)	(3,856,460)	(2,931,698)	-24.0%
2	<b>Total Operating Revenue</b>	<b>(9,865,886)</b>	<b>(7,464,024)</b>	<b>(3,856,460)</b>	<b>(2,931,698)</b>	-24.0%
3	Employee Related Costs	46,664,046	39,841,050	41,363,930	41,912,184	-1.3%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	2,405,981	2,635,200	1,465,622	770,497	47.4%
7	Depreciation and Provisions	192,289	1,488,554	294,218	272,927	7.2%
8	Inventory	121,434	195,500	418,682	550,810	-31.6%
9	Operational Costs	369,173	3,885,700	2,783,420	2,554,116	8.2%
10	<b>Total Operating Expenditure</b>	<b>49,752,923</b>	<b>48,046,004</b>	<b>46,325,872</b>	<b>46,060,534</b>	0.6%
11	<b>Operating (Surplus) / Deficit</b>	<b>39,887,036</b>	<b>40,581,980</b>	<b>42,469,412</b>	<b>43,128,836</b>	1.6%

### 3.13.6 Employee Statistics

The Planning Services Division has 82 posts on the organisational structure approved by Council on 31 May 2018 of which 31 posts are frozen and 51 posts funded at year-end. The section had 47 filled and 4 vacant posts at year-end, and based on the number of vacancies (4) had a 7.8% vacancy rate.

**Table 68: Employees - Planning Services**

Employees: Planning Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	8	14	5	9	8	1	11.1%
3	T12 - T14	9	17	10	7	7	0	0.0%
4	T09 - T11	18	32	12	20	18	2	10.0%
5	T06 - T08	11	16	4	12	11	1	8.3%
6	T03 - T05	2	2	0	2	2	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	49	82	31	51	47	4	7.8%

### 3.14 ECONOMIC GROWTH (INCLUDING TOURISM AND MARKET PLACES)

COVID-19 has continued to have a damaging impact on the local economy due to significant challenges on our local tourism sector and Agriculture industry because of specific Alert level regulations pertaining to the wine Industry and other related Agricultural related industries. Subsequently, the municipality focused on intensifying the implementation of sustainable interventions to further reignite the local economy to stimulate job creation, increase household consumption and ensure the promotion of a stable healthy and safe living environment.

With the existing Integrated Economy Growth Strategy as our premise, the municipality remained resolute to work towards rebuilding the economy through collaboration, co-operation and enhanced business efficiency. To achieve this we focused on the following:

- Strengthening our ability to innovate and become more agile within the constraints of the municipal legislative environment;
- Build business confidence and assurance;
- Facilitate effective and efficient service delivery to stimulate the economy; and
- Strengthen the Eco-system to build SMME capability to increase their contribution towards local economic growth.

### **3.14.1 Economic Growth**

The municipality remains committed to achieve its economic vision to become a globally competitive and innovative city that provides opportunities for all its residents despite the ongoing socio-economic challenges.

During the onset of COVID -19 the Economic Growth and Tourism Division continued to strengthen its communication and collaboration focus. This was also done to build business confidence and provide assurance to the business community and prospective investors. In addition to this, the Division went on a vigorous drive to promote Drakenstein as a destination that facilitates the Ease of Doing business” through focusing on building further institutional efficiencies and encouraging innovation to get the job done faster. All of these economic recovery enablers serve as key pillars to drive further investment into the area.

#### **3.14.1.1 Economic Growth Environment**

Some of the key divisional highlights for the 2020/2021 financial year include the following:

- Strengthening strategic relationships with a more diverse business community constituency to broaden economic participation through the establishment of Drakenstein Connects and implementation of ongoing SMME information sharing sessions;
- Provided in-kind support to the informal sector through the provision of payment holidays of informal trading permit tariffs and rental payment in order to provide some temporary relief to micro – enterprises in the informal sector.
- Focused on strengthening the Division’s role to facilitate the ease of doing business in respect of existing regulatory framework to do business with Drakenstein.
- Supporting the implementation of the Tourism Reboot campaign to ‘kick-start” the local Tourism sector.

#### **3.14.1.2 Economic Growth Achievements**

The highlighted achievements below are indicative of the municipality’s commitment to build SMME capability and diversify the economy through of achievements during the 2019/20 financial year:

- The completion of a three- year Contractor Development Programme where 8 emerging contractors were found competent and tender ready.;
- Distribution of 432 sponsored SMME toolkits to alleviate SMMEs financial burden to adhere to COVID-19 Safety protocols;

- Facilitated access to ongoing business support between other state organisations and SMMES. This included addressing various business compliance issues and mentorship opportunities.
- Launched the first Drakenstein SMME and Entrepreneurship Expo to provide SMMES with various business support information and foster business linkages between micro enterprises and bigger businesses. Going forward the division will continue to focus on: The division will continue to drive economic recovery through the following:
  - Investor Facilitation in targeted sectors which include Agriculture, Manufacturing, Logistics and the Tourism sector to stimulate re-industrialization and job intensive economic development;
  - Investment promotion;
  - Public sector infrastructure investment to enable the growth of the economy;
  - Maintain the focus on red tape reduction interventions;
  - Small business linkages; and
  - Demand driven kills and SMME development.

### **3.14.1.3 Economic Growth Challenges**

- Scarcity of job opportunities and lack of economic opportunities;
- Insufficient access to available and investment ready land to promote economic growth; additional sufficient built infrastructure to facilitate access to trading spaces;
- SMME and Entrepreneurship Development
- Too much red tape which prevents the acceleration of sustainable economic growth in the Municipality;
- Embracing the digital economy
- Localizing procurement opportunities to ensure the localization of the global value chain.
- Vandalism of economic infrastructure built to enable economic growth;
- Continued Impact of COVID -19 on the economy;
- Lack of affordable broadband and water security are important to ensure large scale investment;
- The matching of relevant skills to the market and high youth unemployment remain major risks;
- A need for a Social Contribution Framework to drive Corporate Social Investment; and
- Lack of a one stop business support service center to serve investors and SMMES.

#### 3.14.1.4 EPWP Job Creation

The Expanded Public Works Program is a program designed to provide temporary work opportunities for unemployed youth in order to make them more employable in the future. The Municipality obtained a conditional grant from the National Department of Public Works and topped it up with own funding to reach more beneficiaries. Drakenstein Municipality contributed R15.26 million in 2020/2021, while the grant was R4.09 million. Over the last five years Drakenstein Municipality contributed 3.26 times that of the grant allocation towards job creation.

The special two week ward projects were also recruited from the jobseeker database in order to improve transparency.

During the 2020/2021 1, 726 people were appointed from the EPWP grant and municipal funding, 342 people were appointed on the ward projects and 78 people were appointed on capital projects.

The following table depicts the number of EPWP Projects, funding and the number of jobs created through EPWP projects over the last three financial years.

**Table 69: Job creation through EPWP Projects**

Job creation through Expanded Public Works Programme (EPWP) Projects					
Serial No.	Financial Year	DTPW EPWP Grant allocation	Drakenstein Municipal Funding	Number of EPWP Projects	Number of Jobs created through EPWP Projects
Column Ref.	A	B	C	D	E
1	2018/19	R4,433,000	R15,144,426	20	1,804
2	2019/20	R5,185,000	R5,305,000	17	1,026
3	2020/21	R4,093,000	R15,263,357	21	2,487

#### 3.14.2 Tourism and Market places

The local tourism industry continues to bleed as the country experiences varying COVID -19 waves. What were once live tourism experiences, have changed to more virtual experiences and this has negatively impacted various tourism value chain businesses namely accommodation, travel agencies, tour operators, transport services and food and beverage establishments. Global lockdowns caused traveling to a grinding halt and forced the industry to revive in innovative ways to assist the slow transition to re-ignite the tourism sector.

The Tourism Sector remains one of Drakenstein's priority sectors and as such the municipality remains committed to provide the required support bolster all efforts to revive the sector.

### **3.14.2.1 Tourism Achievements**

Below are some of the highlights we achieved during the 2020/21 financial year:

- The municipality invested additional funding to support the implementation the official destination marketing organization's Tourism Reboot campaign to demonstrate our commitment to kick-start the Tourism sector. This campaign included digital marketing campaigns to improve the destination's online presence. In addition, the DLTA also launched a campaign to use locals to become destination ambassadors in an attempt to encourage domestic tourism.
- Development of an online events permit application portal to facilitate the ease of doing business.
- We enhanced the business process of tourism signage applications to improve efficiency.
- Tourism Skills Development Programmes. The municipality successfully hosted the first phase of the Tourism Monitor programme and was selected to participate in the second phase of this national programme.
- Our efforts in developing the municipality as a film friendly destination has already reaped the rewards with the return of the production of Alles Malan 2 television series. Currently Drakenstein is the leading municipality in facilitating the "ease of doing business" for film producers in the Cape Winelands.

### **3.14.2.2 Tourism Challenges**

The following challenges prevail:

- The need for Transformation in the Tourism industry;
- The continued negative impact of the existing tourism flows on the destination due to COVID-19;
- Additional Tourism signage infrastructure to enhance the visitor's experience was initiated;
- A need to improve the tourism digital marketing platforms;
- A suitable Film Locations Policy;
- A need to diversify the Tourism offering;
- A need to promote a more responsible tourism focus due to the impact of COVID-19;
- COVID-19, the uncertainty in the duration of this pandemic globally;
- A need to increase revenue, visitor numbers and length of stay;

- A need for sufficient statistical data to better understand the local Tourism sector value chain locally; and
- A need to provide specific Tourism SMME business support.

### 3.14.3 Capital Expenditure

The Economic Growth Division had no capital projects for the year under review.

**Table 70: Capital Expenditure 2020/21 - Economic Growth (Tourism & Market Places Included)**

Capital Expenditure 2020/21: Economic growth (Tourism & Market Places Included)					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	No Capital Projects	-	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!

### 3.14.4 Major Projects Completed

- Collaborated with the Drakenstein Local Tourism Association to launch the Mandela marketing video as part of the Tourism Reboot Campaign.
- Completed the first phase of the Paarl East – Street Museum sites of significance.
- Successful hosting of the first phase of the national Tourism Monitor training programme.

### 3.14.5 Operating Expenditure

Economic growth and tourism services, as a community service, generated an operating deficit of R7.2 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 71: Operating Revenue and Expenditure: Economic Growth and Tourism**

Operating Revenue and Expenditure: Economic Growth and Tourism						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	927	(5,375)	(5,375)	(75,820)	1310.6%
2	<b>Total Operating Revenue</b>	<b>927</b>	<b>(5,375)</b>	<b>(5,375)</b>	<b>(75,820)</b>	<b>1310.6%</b>
3	Employee Related Costs	3,770,133	3,748,320	4,295,843	4,281,598	0.3%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	2,299,957	993,200	565,031	562,291	0.5%
7	Depreciation and Provisions	-84,274	688,704	49,164	46,394	5.6%
8	Inventory	74,382	25,000	37,373	110,500	-195.7%
9	Operational Costs	3,903,003	3,251,500	2,315,932	2,299,167	0.7%
10	<b>Total Operating Expenditure</b>	<b>9,963,201</b>	<b>8,706,724</b>	<b>7,263,343</b>	<b>7,299,950</b>	<b>-0.5%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>9,964,128</b>	<b>8,701,349</b>	<b>7,257,968</b>	<b>7,224,130</b>	<b>-0.5%</b>

### 3.14.6 Employee Statistics

The Economic Growth Division has 13 posts on the organisational structure approved by Council on 31 May 2018 of which 6 posts are frozen and 7 posts funded at year-end. The section had 7 filled posts at year-end and based on the number of vacancies (0) had a 0% vacancy rate.

**Table 72: Employees - Economic Growth (including Tourism and Market Places)**

Employees: Economic Growth (including Tourism and Market Places)								
Serial No.	Job Level	2019/20	2020/21					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	2	0	0.0%
3	T12 - T14	1	1	0	1	1	0	0.0%
4	T09 - T11	3	5	3	2	2	0	0.0%
5	T06 - T08	2	4	2	2	2	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>8</b>	<b>13</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0.0%</b>



### 3.15 RURAL DEVELOPMENT

The onset of COVID-19 in South Africa has emphasized the need for the division to focus on how to build a resilient enabling environment that will enable the communities we serve to develop mechanisms on how best to deal with catastrophic social and economic shocks.

The Rural Development Division adopted some post-COVID interventions to increase investor confidence in the rural sphere by focussing on the following:

- Ensuring that each project focuses on skills development which could ultimately leads to increasing jobs in rural areas;
- Re-modelling of our projects (if possible) to suit specific needs related to COVID 19, e.g. making of masks through our sewing project; and
- Strengthen the relationship with critical partners in the rural sphere, like the Department of Agriculture, Rural Development and Land Reform, Department of Basic Education, the Department of Social Services, etc. to jointly address common challenges, eg food security.

The Division was actively involved during the 2019/20 financial year in the following projects/initiatives:

**Table 73: Rural Development Projects/ Initiatives**

Rural Development Projects Initiatives		
Serial No.	Project/Initiative	Description/Value added to improve service delivery
Column Ref	A	B
1	Establishing Drakenstein as a Fairtrade City	Fairtrade is a global movement, which addresses the injustices of conventional trade by supporting small-scale producers, businesses, manufacturers and workers to secure better terms of trade. It is based upon building trade relationships that are based on dialogue, values, transparency and respect. Drakenstein Municipality became the first Fair Trade City in South Africa and 3rd in Africa. Some of the initiative explored are Fair Trade Schools and Campus, SMME incubation, Fair Fridays (consumer awareness) and business support in terms of market access.
2	Transformation process in Saron (TRANCRAA).	Land rights enquiry was concluded and report submitted by service provider to Department of Agriculture, Rural Development and Land Reform. Tenure rights of beneficiaries secured creating sound platform for development.
3	Relocation of Vlakkeland Small Farmers.	Jubelie Services appointed by the Human Settlements Division is facilitating the relocation of Vlakkeland small

Rural Development Projects Initiatives		
Serial No.	Project/Initiative	Description/Value added to improve service delivery
Column Ref	A	B
		farmers. The establishment of a sustainable farming enterprise is enabling beneficiaries to farm commercially.
4	Food gardens at rural schools.	Vegetable gardens were established at 10 rural schools in Drakenstein and assistance rendered to 7 other schools to upgrade their gardens. This resulted in improved levels of conceptualisation of curriculum and access to food in sufficient quantity and quality.
5	Bursaries allocated to rural matriculants.	Bursaries allocated to a total of 20 rural matriculants to further their studies. Access to financial assistance enabling rural learners to further their studies to reduce the risk of unemployment.
6	Driver's licence programme rural unemployed.	Skills development with improved chances for employment. The drivers licence programme is implemented to increase employability of rural youth. 17 participants passed their driver's licence tests within the last financial year, which brings the total for the two (2) years to 43.
7	Rural entrepreneurial initiatives	<p>The I Love Sewing initiative was established to ensure that rural women have the opportunity to learn basic sewing skills to ensure employability through skills development. The programme assisted 10 rural women in Wellington who are now working with provided sewing machines and over lockers.</p> <p>The Entrepreneurial and Business Development training offered to 23 women in Gouda was implemented in partnership with the Gouda Library and the Western Cape Department of Agriculture.</p>
8	Review Rural Development Strategy	The Rural Development division started with a process of reviewing the Rural Development Strategy developed in 2017 to effectively address the challenges in rural areas highlighted in Chapter 2 of IDP. The Rural Development Plan was developed and was published for public participation.
9	Project Funding Proposal to external funding agents	<p>Discussions between officials from Drakenstein's Rural Development and Environmental Management and representatives from the Centre for Renewable and Sustainable Energy Studies (CRSES) at Stellenbosch University resulted in an offer to the Department of Basic Education on training to educators on how to incorporate renewable energy and sustainability in the classroom.</p> <p>The University of Stellenbosch and Drakenstein Municipality engaged further on how to increase skills in rural areas in order to create jobs. Through the partnership Drakenstein Municipality has applied for 42mil ZAR for implementing a renewable energy innovation with German partners.</p>

## COMPONENT E: COMMUNITY AND SOCIAL SERVICES

### 3.16 INTRODUCTION

This part of the report deals with library services, cemeteries and crematoria, community halls, facilities, and Thusong centres, services to childcare, aged care and social programmes rendered during the year under review.

### 3.17 LIBRARY SERVICES

There are currently 19 library sites across Drakenstein Municipality providing a range of services with changed operations because of COVID-19. Library staff had to adjust in doing business innovative and creatively during the state of disaster and also in the different alert level stages. Library layouts changed to adhere to protocols such as distancing, by rearranging the furniture and shelves in the library. Sanitisers for staff and patrons were placed at dedicated areas in the library.

The borrowing privileges for patrons was extend, total items increased, and fines waived for late book returns. Staff assisting patrons with all online queries, and virtual storytelling, and other information talks on social media platforms.

Drakenstein Libraries started with curbside and virtual services during Alert Level 2. Curbside services are book returns from library driveways, parking areas, lobbies and drop boxes and on call pick-ups from patron's cars. Virtual circulation services started in July 2020 for book requests via telephone, e-mail, WhatsApp and Facebook. Contactless pick up of books and other library materials by patrons became the new norm. Virtual services include online learner support, community outreach and other services to help our patrons with their formal and informal educational needs.

We continuously market and promote our services to our patrons in the printed media, Municipal website and on social platforms.

#### 3.17.1 Service Statistics

Drakenstein has 94,382 library members and all libraries accounted for 322,210 library visits during the year under review. A total of 341,451 library items were circulated and ICT computer usages amounted to 9,673 times.

**Table 74: Service Statistics for Libraries 2020/21**

Service Statistics for Libraries 2020/21						
Serial No.	Programme	Q1	Q2	Q3	Q4	Full Year
Column Ref.	A	B	C	D	E	F
1	Displays	123	120	160	184	587
2	Storytelling Sessions	179	171	183	233	766
3	Reading and Literacy Sessions facilitated	73	364	1,191	497	2,125
4	Book Education, Book Discussions Library Orientation, Book Talks and Book Clubs, Class Visits and Bibliographic Instruction	155	133	127	137	552
5	Library Centred Activities	46	51	93	222	412
6	Community and Outreach Programmes	88	244	69	170	571
7	Developmental Reading Programmes	60	54	129	233	476
8	ICT computer usages	489	2,439	2,046	4,699	9,673
9	Learner support	863	1,068	1,528	1,620	5,079
10	Circulation	43,108	70354	106419	121570	341,451
11	New members added	320	720	739	1,272	3,051
12	Total library visits	52,272	80,136	88,812	103,195	324,415
13	Library space usage	8	58	34	9	109
14	Membership			2019/20	2020/21	
				101,174	94,382	
15	Library stock			Province	Own	Total
				230,845	65,807	296,652

### 3.17.2 Service Delivery Levels

Drakenstein Libraries and Information Services always provide effective, efficient and quality informational and recreational services to all library users in our communities within the framework of the norms and standards of the Western Cape Library Services. Library circulation and usage declined since the start of COVID 19.

### 3.17.3 Capital Expenditure

The Library Services Section spent R97.1 thousand or 100% of the final adjustments budget on library services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 75: Capital Expenditure 2020/21 - Library Services**

Capital Expenditure 2020/21: Library Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Furniture and Office Equipment	-	97,117	97,116	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	97,117	97,116	0.0%

### 3.17.4 Major Projects Completed

Ronwe containerised Library are complete for operation and use by the community. The final movement of the rural connectivity computers are in progress.

### 3.17.5 Operating Expenditure

Library services, as a subsidised service, generated an operating deficit of R8.9 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services. This remains an underfunded mandate from the Provincial Department of Library Services.

**Table 76: Operating Revenue and Expenditure: Library Services**

Operating Revenue and Expenditure: Library Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(17,538,325)	(18,843,585)	(18,844,217)	(18,807,690)	-0.2%
2	<b>Total Operating Revenue</b>	<b>(17,538,325)</b>	<b>(18,843,585)</b>	<b>(18,844,217)</b>	<b>(18,807,690)</b>	-0.2%
3	Employee Related Costs	19,649,008	19,226,964	23,761,145	20,783,516	12.5%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	364,420	277,500	466,543	457,209	2.0%
7	Depreciation and Provisions	3,874,072	1,314,692	4,329,681	4,719,030	-9.0%
8	Inventory	440,335	171,500	124,532	189,566	-52.2%
9	Operational Costs and Losses	1,583,659	217,500	134,766	1,588,008	-1078.3%
10	<b>Total Operating Expenditure</b>	<b>25,911,495</b>	<b>21,208,156</b>	<b>28,816,667</b>	<b>27,737,329</b>	3.7%
11	<b>Operating (Surplus) / Deficit</b>	<b>8,373,170</b>	<b>2,364,571</b>	<b>9,972,450</b>	<b>8,929,640</b>	-10.5%

### 3.17.6 Employee Statistics

The Library Services Section has 130 posts on the organisational structure approved by Council on 31 May 2018 of which 53 posts are frozen and 77 posts funded at year-end. The section had 72 filled posts at year-end and based on the number of vacancies (5) had a 6.5% vacancy rate.

**Table 77: Employees - Library Services**

Employees: Library Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	8	11	3	8	6	2	25.0%
4	T09 - T11	5	30	25	5	3	2	40.0%
5	T06 - T08	52	60	8	52	51	1	1.9%
6	T03 - T05	11	28	17	11	11	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>77</b>	<b>130</b>	<b>53</b>	<b>77</b>	<b>72</b>	<b>5</b>	<b>6.5%</b>

### 3.18 CEMETERIES AND CREMATORIA

Drakenstein Municipality has 13 cemeteries. The COVID 19 epidemic has placed a heavy burden on Parys Cemetery especially as a result of the overflow of burials from Wellington and Simondium. Before COVID 19, most funerals took place in Parys Cemetery. In an effort to create more burial space smaller roads and footpaths have been closed to allow for extra burials in certain blocks. Parys, Saron (73 km from Paarl) and Hermon Cemeteries (43 km from Paarl) have reasonable space available.

Due to the heavy burden on our cemeteries and COVID 19 pandemic, the Municipality has identified Nieuwedrift as a potential new cemetery. Consultants were appointed to compile environmental studies and facilitate the process of developing a new cemetery at Nieuwedrift. A second round of public participation will close 06 August 2021.

The department reviewed the Burial Policy to allow family grave recycling and thus increase space availability. This will allow families to re-use family gravesites for loved ones. The Council Burial Policy and revised Cemeteries By-Law will serve before Council in November 2021.

### 3.18.1 Service Statistics

During the year under review, 1,664 burials took place at an average of 138 burials per month. Drakenstein Municipality does not have a municipal crematorium.

Due to the Corona Virus (COVID-19), the President announced a State of Disaster under the Disaster Management Act 2002. Since then the Cemetery section commenced burials only on weekdays and up to 18 graves a day, in an attempt to address the shortage of storage capacity all the undertakers in the Drakenstein Municipal Area. This practice will continue until the State of Disaster is lifted.

**Table 78: Summary of burials and cremation**

Summary of burials and cremation			
Serial No	Month	Year	
		2019/20	2020/21
Column Ref.	A	B	C
1	July	155	126
2	August	155	190
3	September	139	175
4	October	144	180
5	November	181	131
6	December	179	164
7	January	215	337
8	February	168	644
9	March	151	538
10	April	116	507
11	May	108	111
12	June	155	160

Drakenstein Crematorium which is under private ownership have received permission to operate 24 hours a day and can perform up to 30 cremations per day.

### 3.18.2 Service Delivery Levels

The aim is to perform maintenance at cemeteries every 6 to 8 weeks. This includes horticultural maintenance and minor grave maintenance.

### 3.18.3 Capital Expenditure

The Cemeteries Section spent R782.3 thousand or 100% of the final adjustments budget on cemetery services infrastructure projects for the year under review.

**Table 79: Capital Expenditure 2020/21 - Cemeteries & Crematoria**

Capital Expenditure 2020/21: Cemeteries & Crematoria					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Development of Existing Cemetery	4,900,000	782,345	782,344	0.0%
2	Extension of Basic Services: Informal Settlements Water	4,900,000	782,345	782,344	0.0%

### 3.18.4 Major Projects Completed

No major projects although the Division Cemetery other than the appointed of a consultant for the new proposed Nieuwedrift Cemetery.

### 3.18.5 Operating Expenditure

Cemeteries services, as a community service, generated an operating deficit of R7.8 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 80: Operating Revenue and Expenditure: Cemeteries Services**

Operating Revenue and Expenditure: Cemeteries Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(3,518,768)	(3,205,193)	(3,205,193)	(3,874,842)	20.9%
2	<b>Total Operating Revenue</b>	<b>(3,518,768)</b>	<b>(3,205,193)</b>	<b>(3,205,193)</b>	<b>(3,874,842)</b>	20.9%
3	Employee Related Costs	11,096,225	8,426,071	10,575,713	10,850,914	-2.6%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	286,546	885,100	627,070	607,176	3.2%
7	Depreciation and Provisions	6,205	935,259	6,935	6,544	5.6%
8	Inventory	47,485	107,000	351,240	327,299	6.8%
9	Operational Costs	110,365	898,000	181,215	183,247	-1.1%
10	<b>Total Operating Expenditure</b>	<b>11,546,825</b>	<b>11,251,430</b>	<b>11,742,173</b>	<b>11,975,180</b>	-2.0%
11	<b>Operating (Surplus) / Deficit</b>	<b>8,028,058</b>	<b>8,046,237</b>	<b>8,536,980</b>	<b>8,100,338</b>	-5.1%



### 3.18.6 Employee Statistics

The Cemeteries Services function has 46 posts on the organisational structure approved by Council on 31 May 2018 of which 17 posts are frozen and 29 posts funded at year-end. The section had 24 filled at year-end and based on the number of vacancies (5) had 17.2% vacancy rate.

**Table 81: Employees - Cemeteries and Crematoria**

Employees: Cemeteries and Crematoria								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	2	0	2	2	0	0.0%
3	T12 - T14	1	2	0	2	1	1	50.0%
4	T09 - T11	0	0	0	0	0	0	0.0%
5	T06 - T08	9	8	1	7	7	0	0.0%
6	T03 - T05	30	34	16	18	14	4	22.2%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>41</b>	<b>46</b>	<b>17</b>	<b>29</b>	<b>24</b>	<b>5</b>	<b>17.2%</b>

*Note: The vacancy rate includes seasonal worker posts that will only be filled during holiday season.*

## 3.19 COMMUNITY HALLS, FACILITIES AND THUSONG CENTRES

The Community Development Section manages two town halls, eight community halls, two Multi-Purpose Thusong Centres and 17 public ablution facilities. The Multi-Purpose Thusong Centres are one-stop facilities that provide opportunities to access a compendium of government services to surrounding communities. These include social services, social pensions and grants, consumer protection and numerous municipal services. The municipal halls are also managed by this section and these include the Wellington and Paarl Town Halls, as well as the Huguenot, Gouda, Fairyland, Mbekweni and Colibri Community Halls.

### 3.19.1 Service Statistics

The total number of people that accessed services from the Paarl East Thusong Centre is 11,310 and the total number for Mbekweni Thusong Centre is approximately 4,561 people. The facilities are open for hire and service statistics are being developed for these new facilities. Other relevant information includes the number of functions at the halls and Thusong Centres as reflected below.

**Table 82: Town Halls, Community Halls and Thusong Centres**

Town Halls, Community Halls and Thusong Centres				
Serial No	Facility	Number of Functions		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Paarl Town Hall	65	45	10
2	Wellington Town Hall	63	62	6
3	Huguenot Community Hall	154	90	21
4	Fairyland Community Hall	81	54	7
5	Mbekweni Community Hall	102	68	42
6	Colibri Community Hall	30	45	8
7	Safmarine Community Hall	0	0	0
8	Simondium Community Hall	63	41	14
9	Gouda Community Hall	60	41	0
10	Saron Community Hall	79	33	0
11	Paarl-East Thusong Service Centre	99	69	45
12	Mbekweni Thusong Service Centre	68	66	31

### 3.19.2 Service Delivery Levels

The halls are used frequently and this has an impact on the standard times of readiness in terms of minimum quality standards required at such facilities. The current staff shortages also influence the turnaround times for readiness. Upgrades at the halls and Thusong Centres will ensure that service delivery will improve. The Thusong of Mbekweni and Paarl East have a provincial compliance evaluation of 75%. The Wellington Town Hall, the Huguenot Community Hall and the Paarl East Thusong Centre were used as shelters for the homeless during the lockdown period of the COVID pandemic, thus, these shelters were closed for public use.

### 3.19.3 Capital Expenditure

The Community Development Section had no capital projects for the year under review.

**Table 83: Capital Expenditure 2020/21 - Community Halls, Facilities and Thusong Centres**

Capital Expenditure 2020/21: Community Halls, Facilities and Thusong Centres					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Other Capital Projects	100,000	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	100,000	-	-	#DIV/0!

### 3.19.4 Major Projects Completed

The Paarl Town Hall and the Wellington Hall were upgraded during the year under review and these included upgrades to the roof and the air conditioning systems of these facilities.

### 3.19.5 Operating Expenditure

Community halls, facilities and Thusong centres, as a community service, generated an operating deficit of R9.74 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 84: Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres**

Operating Revenue and Expenditure: Community Halls, Facilities and Thusong Centres						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,089,331)	(658,300)	(658,300)	(391,933)	-40.5%
2	<b>Total Operating Revenue</b>	<b>(1,089,331)</b>	<b>(658,300)</b>	<b>(658,300)</b>	<b>(391,933)</b>	-40.5%
3	Employee Related Costs	6,025,460	5,220,510	5,915,604	5,475,451	7.4%
4	Impairment Losses on Financial Assets	-	-	-	3,540	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	140,441	500,000	301,790	268,779	10.9%
7	Depreciation and Provisions	3,012,874	546,364	3,367,201	3,177,481	5.6%
8	Inventory	400,596	345,000	414,576	385,633	7.0%
9	Operational Costs	857,698	60,000	43,548	821,822	-1787.2%
10	<b>Total Operating Expenditure</b>	<b>10,437,069</b>	<b>6,671,874</b>	<b>10,042,719</b>	<b>10,132,707</b>	-0.9%
11	<b>Operating (Surplus) / Deficit</b>	<b>9,347,738</b>	<b>6,013,574</b>	<b>9,384,419</b>	<b>9,740,773</b>	3.8%

### 3.19.6 Employee Statistics

The Community Halls, Facilities and Thusong Centres Services Section has 82 posts on the organisational structure approved by Council on 31 May 2018 of which 17 posts are frozen and 65 posts funded at year-end. The section had 62 filled at year-end and based on the number of vacancies (3) had a 4.6% vacancy rate.

**Table 85: Employees - Community Halls, Facilities and Thusong Centres**

Employees: Community Halls, Facilities and Thusong Centres								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	0	0	0	0	0	0	0.0%
3	T12 - T14	0	1	1	0	0	0	0.0%
4	T09 - T11	0	3	3	0	0	0	0.0%
5	T06 - T08	10	13	3	10	10	0	0.0%
6	T03 - T05	52	65	10	55	52	3	5.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	62	82	17	65	62	3	4.6%

### 3.20 CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Community Development Section is responsible for poverty relief initiatives, support to vulnerable groups, including youth, gender, the elderly, the disabled, street people and the Early Childhood Development (ECD) Sector. It assists the IDP office with the operations of Mayoral Ward Projects in the 33 wards.

The strategic, programmatic focus of the section is to develop and establish social support networks and to develop and promote community livelihood strategies. The principles guiding the implementation of programmes and projects are based on labour-intensive job creation initiatives that sustain and support impoverished households.

The Community Development Section services the Early Childhood Development (ECD) Sector. The top service delivery priorities for the sector were:

- To facilitate the registration of ECD is with the National Department of Social Services, with all stakeholders in the sector, located within the Drakenstein Municipal Area. This process included mobilising all stakeholders both local and provincial to participate in workshops aimed in recognising the challenges and unblocking red tape and bureaucratic bottlenecks;
- To facilitate training for ECD practitioners on the needs the ECD Forum identified that as priority training needs. Training focused on training for ECD practitioners. Other training also focused on health and sanitation training for ECD practitioners within the context of the drought;
- The priority skills training that was started focused on skills training on the new curriculum, however this training was suspended due to the COVID pandemic.

- To renovate and upgrade the ECD facilities. Permission was granted to construct an ECD facility in the Fairyland/Groenheuwel area and the construction of this facility has started;
- Support to the Elderly Forum consisted of quarterly meetings with the sector and logistical and financial support with the programmes and projects in which the Elderly Forum participated.

All skills training with the Youth sector was suspended due to the COVID pandemic and staff was redeployed to perform duties at the Homeless shelters of Wellington Town hall and Paarl East and Mbekweni Thusong.

### **3.20.1 Service Statistics**

Some service statistics are:

- The Community Development Section held two meetings per quarter with the ECD Forums of Mbekweni, Paarl and Wellington;
- The ECD skills course on the new curriculum was a partnership initiative with NCEBA, a local NGO and focused on training of the new curriculum for Early Childhood Development.
- The Community Development Section held quarterly meetings with the Gender Forum and facilitated two workshops which was attended by 19 and 22 participants per workshop respectively;
- The Gender Month Programme was also managed by the Community Development Section and similarly the 16 Days of Activism Against Women and Child Abuse Programme is managed.
- The Community Development Section held quarterly meetings with the Elderly Forum with support of transport for the Elderly Forum in the Drakenstein municipal area to attend the Golden Games.

### **3.20.2 Service Delivery Levels**

The Community Development Section plans and executes two meetings per quarter with the ECD Forums of Wellington, Paarl and Mbekweni. The meetings address the service needs of the different ECD Forums. The section also plans to facilitate two skills development workshops with the sector.

The section also holds quarterly meetings with the Gender Forum. Empowerment workshops that were held with the Gender Forum were cancelled because of the COVID pandemic.

The section holds quarterly meetings with the Elderly Forum to address the needs of the elderly in the Drakenstein municipal area.

### 3.20.3 Capital Expenditure

The Community Development Section had no capital projects for the year under review.

**Table 86: Capital Expenditure 2020/21 - Child Care, Aged Care & Social Programmes**

Capital Expenditure 2020/21: Child Care, Aged Care & Social Programmes					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	No Capital Projects	-	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!

### 3.20.4 Major Projects Completed

An interim Arts and Culture Forum was established with the Arts and Culture representatives of the ward committees. The interim Arts and Culture Forum adopted a draft constitution. However, it was decided that engagement with the DCAS Provincial Department would continue to ensure the participation of the arts and culture sector in provincial initiatives.

Two engagements were held with the Elderly Forum. These engagements included the Elderly Indaba to evaluate the safety of the elderly in the community. Engagements were held with the Elderly sector homes to inform them of the COVID responses and support that existed for the Elderly homes. The elderly also has several service benefits that can be accessed, including reduced tariffs for water and electricity.

The section executed the process to provide Grant in Aid funding to organisations in the Drakenstein municipal area, however funding was suspended due to the service needs of the COVID pandemic of the municipality.

The section also executed the Mayoral Ward Projects and all projects were suspended to redirect funds to COVID 19 pandemic service needs.

The Community Development Section also supported the Street Peoples Forum through participating in the initiative of the Cape Winelands District Municipality, however the process was suspended to the COVID pandemic.

The focus on Street people was limited providing shelter and the re-unification of Homeless People with family structures. The Homeless people were relocated to the Antoniesvlei resort from where they were relocated to various institutions within the Drakenstein municipal area.

### 3.20.5 Operating Expenditure

Child care, aged care and social programmes, as a community service, generated an operating deficit of R9.81 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 87: Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes**

Operating Revenue and Expenditure: Child Care, Aged Care & Social Programmes						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	0	0	0	0	0.0%
2	<b>Total Operating Revenue</b>	-	-	-	-	0.0%
3	Employee Related Costs	7,025,856	4,489,401	8,149,331	8,071,221	1.0%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	160,507	465,000	340,634	338,434	0.6%
7	Depreciation and Provisions	175,703	905,723	196,365	185,302	5.6%
8	Inventory	1,207,785	1,076,000	1,091,345	978,094	10.4%
9	Operational Costs	214,368	330,000	238,729	238,620	0.0%
10	<b>Total Operating Expenditure</b>	<b>8,784,218</b>	<b>7,266,124</b>	<b>10,016,404</b>	<b>9,811,671</b>	<b>2.0%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>8,784,218</b>	<b>7,266,124</b>	<b>10,016,404</b>	<b>9,811,671</b>	<b>-2.0%</b>

### 3.20.6 Employee Statistics

The Child Care, Aged Care and Social Programmes Section has 8 posts on the organisational structure approved by Council on 31 May 2018 of which 1 posts are frozen and 7 posts funded at year-end. The section had 7 posts filled at year-end and based on the number of vacancies (0) had a 0% vacancy rate.

**Table 88: Employees - Child Care, Aged Care and Social Programmes (Community Development)**

Employees: Child Care, Aged Care and Social Programmes (Community Development)								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	0	0	0	0	0	0	0.0%
4	T09 - T11	4	5	1	4	4	0	0.0%
5	T06 - T08	0	0	0	0	0	0	0.0%
6	T03 - T05	2	2	0	2	2	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	7	8	1	7	7	0	0.0%



## COMPONENT F: ENVIRONMENTAL PROTECTION

### 3.21 INTRODUCTION

The natural environment supports all life on earth but it is currently under severe threat due to human activities, which are causing unprecedented climate change, habitat loss, alien species invasions and excessive pollution which have a significant impact on the health and functioning of our ecosystems. If we are to continue to prosper and develop in a sustainable manner, it is vitally important that we take active measures to protect the environment. While environmental protection is the responsibility of all municipal line departments, Drakenstein Municipality has a dedicated Environmental Management Division that plays a coordinating role between various departments in order to ensure that residents have access to a clean and healthy environment. In addition to this, Drakenstein Municipality has adopted an environmental policy that commits to the full implementation of Integrated Environmental Management (IEM) throughout the organisation.

### 3.22 ENVIRONMENTAL MANAGEMENT (INCLUDING POLLUTION CONTROL)

The Environmental Management Division is placed within the Planning and Development Department. The Environmental Management Division consists of three sections including, Environmental Planning and Sustainability; Environmental Management Systems Monitoring and Compliance; as well as Natural Resource Management. The division's service delivery focus is to ensure that residents enjoy an environment that is safe, not harmful to their well-being and is protected for future generations by protecting and enhancing the Municipality's natural assets and by ensuring that our natural resources are utilised sustainably.

The Environmental Planning and Sustainability Section plays a proactive role in planning for sustainable development through several initiatives including the finalisation of the Environmental Management Framework, the implementation of the Climate Change Response Plan, by commenting on development applications and coordinating the Climate Partnership with the City of Neumarkt, Germany.

The Environmental Monitoring and Compliance Section plays an active role in monitoring threats to the environment and ensuring compliance with environmental legislation. These goals are achieved through performing Environmental Management Inspector duties, responding to environmental pollution incidents, managing environmental emergency incidents in accordance with Section 30 of the National Environmental Management Act 107 of 1998, and executing the air quality management and noise control functions in terms of the relevant legislation and bylaws.

The Natural Resource Management Section plays an active role in the management of natural resources by implementing projects aimed at improving the state of natural resources, like developing management plans for municipal conservation areas and conducting environmental awareness campaigns with schools and the public in general.

### 3.22.1 Service Statistics

**Table 89: Environmental Management - Service Statistics**

Environmental Management Service Statistics				
Serial No	Description	2018/19	2019/2020	2020/21
Column Ref.	A	B	C	D
1	Environmental Education and Awareness Events	22	14	18
2	Environmental Applications commented on	26	19	31
3	Land Use Applications commented on	26	46	51
4	Noise Exemptions issued	10	10	1
5	Noise Complaints attended to	6	8	15
6	Air Pollution Incidents attended to	7	8	18
7	Pollution Incidents attended to	9	12	17

### 3.22.2 Capital Expenditure

The Environmental Management Division spent R25.5 thousand or 100% of the final adjustments budget on environmental management infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 90: Capital Expenditure 2020/21 - Environmental Management (Pollution Control Included)**

Capital Expenditure 2020/21: Environmental Management (Pollution Control Included)					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Computer Equipment	30,163	25,544	25,544	0.0%
2	<b>Total Capital Expenditure</b>	<b>30,163</b>	<b>25,544</b>	<b>25,544</b>	<b>0.0%</b>

### 3.22.3 Major Projects Completed

The Environmental Management Division have environmental education and awareness events running with the general public in the Drakenstein area. The purpose of these events is to raise awareness around different environmental problems, the cause of these problems and how the community can do their part in mitigating their effects on the environment. The initiatives also raise awareness around the unique nature of the biodiversity and conservation efforts in and around the Municipality. During 2020/2021 financial year, 18 awareness events were held. The

COVID-19 Pandemic forced the Division to revisit its strategies used to undertake environmental awareness and education in the municipal area and especially in schools.

The previous Air Quality Bylaw was formulated in 2007 and since then there has been substantial law reform in the air quality sector. The update of the previous bylaw was required to align it with other relevant legislation. An extensive consultative process took place with the legal specialist and an updated bylaw was developed and underwent a public participation process. The bylaw was advertised for public comment, where after public inputs were included and the final bylaw was approved by Council. The 2<sup>nd</sup> generation Air Quality Bylaw was Gazetted on 7 May 2021.

An Invasive Alien Vegetation Eradication, Monitoring and Eradication Plan has been developed by the Environmental Management Division. According to Section 76 of the National Environmental Management Biodiversity Act, 10 of 2004 (NEMBA), all municipalities are required to manage and conserve biological diversity and this includes taking steps to control and eradicate invasive alien vegetation in areas that they own or manage. This plan will be used in the future to keep track of all invasive alien species on municipal property, invasive alien clearing projects taking place throughout the municipality and assist in annual budgeting for invasive alien clearing. Cape Winelands District Municipality funded invasive alien clearing projects at some of the urban conservation sites, like Klein Parys, Orleans Park and the Wellington Industrial Park conservation sites. A total of 32 hectares were cleared and these activities included both initial and follow-up clearing.

The Custodians of Rare and Endangered Wildflowers (CREW) have been very active at the Orleans Park site where they are undertaking a project to restore the Maresmodes Undulata species, which is a type of daisy that is one of the most threatened plants in the Cape Floristic Region and only occurs at this site. CREW has been very helpful in assisting the municipality with various aspects pertaining to the planning of management interventions on this site. Cape Nature and the Parks Section have also been of great assistance to this Division in fulfilling these functions.

Drakenstein Municipality has a climate partnership with the City of Neumarkt that focusses on various initiatives and projects that address climate change issues within the municipality. The partnership is facilitated by an organisation called Engagement Global and creates opportunities for Drakenstein to have access to international knowledge and expertise on various issues. The partnership also provides access to funding programmes that are funded by the German government. The following projects are funded through this climate partnership and implemented during this financial year:

- **FKKP Project:** This project entails the upgrade of the Paarl Arboretum and implementation started in 2019. This project will conclude in April 2023 and the management thereof resorts with the Community Services Department.
- **FKPW Project:** This project involves the appointment of an international development advisor to work within the Environmental Management Division. The intension of the appointment of the development advisor is to undertake work in terms of resource efficiency within municipal operations as well as undertaking work in the green economy sector. Engagement Global has made an appointment and the development advisor will join the Division in August 2021.
- **NAKOPA 2020:** This project entails expanding on the work undertaken as part of the NAKOPA 1 and FKKP projects. The project will include invasive alien vegetation clearing downstream of the Paarl Arboretum and the ecological rehabilitation with indigenous vegetation along the banks of the Berg River. The project also includes an extension of the hiking walkway route from the Arboretum into town, up to Lady Grey Street in the CBD. The project will also cater for a cosmetic garden adjacent to Berg River Boulevard with picnic furniture and environmental education signage to encourage residents to utilise this space.
- **Corona Communal Package:** The project entails digitizing the social safety net of the Drakenstein area for the improved response to disasters. The need for this project became apparent after the COVID-19 pandemic hit and it became evident how invaluable social safety nets are as a measure to mitigate the adverse impacts of any pandemic on a local government level. The aim of this project is to create a database of all social safety networks and services available within communities in order to support the coordination of services provided to vulnerable communities. These services and networks will be mapped spatially in order to know exactly where they are located as well as assessing any gaps in the provision of these services in certain areas. This will allow the municipality to establish where additional resources should be directed to. It is predicted that the socio-economic effects of this pandemic will be felt for quite some time post Covid-19 and this project will assist the municipality greatly in coordinating response efforts to those who require it. This database will also be invaluable in managing response efforts to any crisis or pandemic that the municipality might face in future.

#### **3.22.4 Operating Expenditure**

Environmental management services (pollution control included), as a community service, generated an operating surplus of R2.43 million for the 2020/21 financial year.

**Table 91: Operating Revenue and Expenditure: Environmental Management (Pollution Control included)**

Operating Revenue and Expenditure: Environmental Management (Pollution Control Included)						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,534,527)	(3,100,000)	(3,851,085)	(2,853,688)	25.9%
2	<b>Total Operating Revenue</b>	<b>(1,534,527)</b>	<b>(3,100,000)</b>	<b>(3,851,085)</b>	<b>(2,853,688)</b>	25.9%
3	Employee Related Costs	0	3,229,825	168,451	145,647	13.5%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	139,355	1,360,000	765,198	116,409	84.8%
7	Depreciation and Provisions	9,597	0	10,725	10,121	0.0%
8	Inventory	18,599	33,000	154,695	141,695	8.4%
9	Operational Costs	606,916	12,500	104,200	9,279	91.1%
10	<b>Total Operating Expenditure</b>	<b>774,467</b>	<b>4,635,325</b>	<b>1,203,269</b>	<b>423,151</b>	64.8%
11	<b>Operating (Surplus) / Deficit</b>	<b>(760,060)</b>	<b>1,535,325</b>	<b>(2,647,816)</b>	<b>(2,430,537)</b>	-8.2%

### 3.22.5 Employee Statistics

The Environmental Management Division has 17 posts on the organisational structure approved by Council on 31 May 2018 of which 9 posts are frozen and 8 posts funded at year-end. The section had 5 filled posts at year-end and based on the number of vacancies (3) had a 37.5% vacancy rate.

**Table 92: Employees: Environmental Management**

Employees: Environmental Management								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	4	9	4	5	3	2	40.0%
4	T09 - T11	1	6	5	1	1	0	0.0%
5	T06 - T08	0	1	0	1	0	1	100.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>6</b>	<b>17</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>37.5%</b>

### **3.23 BIODIVERSITY AND LANDSCAPE (INCLUDING OPEN SPACES)**

Parks form an integral part of a community's health and is vital to the quality of life of its citizens. It is a valuable recreational space for people to connect to the outdoors. As of November 2020, the open space management was transferred to the Parks Section, thus extending the service area allocated to the section. The section is also responsible for pest control, tree management and nature conservation.

#### **3.23.1 Service Statistics**

Drakenstein Municipality services 195 parks which are divided into three main categories, namely a regional (Paarl Arboretum); five (5) heritage parks which include the Victoria Parks in Paarl and Wellington, and one hundred and eighty-nine (189) play parks located inside the neighbourhoods.

For the year under review, 118 trees were planted as part of programmes and various projects undertaken by the Parks Section. A total of 20 trees were again donated to the community and schools as. It is envisaged that the Arboretum upgrades will play a vital role in the local communities investing in local tree planting by establishing a centre for greening initiatives.

Invasive Alien Plants (IAPs) pose a direct threat not only to South Africa's biological diversity, but also to water security, the ecological functioning of natural systems and the productive use of land. The eradication of invasive alien plants was limited to the Paarl Mountain Nature Reserve and forms part of the Invasive Alien Plant Strategy. For the year under review, 532.5 hectares IAP's were eradicated and 16.5 kilometre firebreak, which includes follow-up sites were attended to.

#### **3.23.2 Service Delivery Levels**

Three service levels are applied in terms of park maintenance depending on the infrastructure which exists on the park. Routine maintenance involves 4 weekly grass cutting, tree pruning when needed, weed control, and painting of equipment when needed.

### 3.23.3 Capital Expenditure

The Nature Conservation Section had no capital projects for the year under review.

**Table 93: Capital Expenditure 2020/21 - Biodiversity & Landscape (Open Spaces Included)**

Capital Expenditure 2020/21: Biodiversity & Landscape (Open Spaces Included)					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	No Capital Projects	-	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!

### 3.23.4 Major Projects Completed

Various parks were upgraded with fencing, lighting, scooter parks, mini soccer posts, play equipment and artificial grass during the 2020/21 financial year. A major project was implemented in the Paarl Arboretum with the completion of the river walk which ambles throughout the entire length of the park. A Spekboom garden was also created which creates awareness about the impact of climate change.

### 3.23.5 Operating Expenditure

Biodiversity and landscaping, as a community service, generated an operating deficit of R1.66 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 94: Operating Revenue and Expenditure: Biodiversity and Landscaping**

Operating Revenue and Expenditure: Biodiversity and Landscaping						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-1,534,527	-	-	-	0.0%
2	<b>Total Operating Revenue</b>	<b>-1,534,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
3	Employee Related Costs	2,042,426	917,623	1,564,630	1,658,762	-6.0%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	-	-	-	-	0.0%
7	Depreciation and Provisions	-	-	-	-	0.0%
8	Inventory	-	-	-	-	0.0%
9	Operational Costs	-	-	-	-	0.0%
10	<b>Total Operating Expenditure</b>	<b>2,042,426</b>	<b>917,623</b>	<b>1,564,630</b>	<b>1,658,762</b>	<b>-6.0%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>507,900</b>	<b>917,623</b>	<b>1,564,630</b>	<b>1,658,762</b>	<b>6.0%</b>

### 3.23.6 Employee Statistics

The Biodiversity and Landscaping Section has 340 posts on the organisational structure approved by Council on 31 May 2018 of which 167 posts are frozen and 173 posts funded at year-end. The section had 153 filled at year-end and based on the number of vacancies (20) had a 11.6% vacancy rate.

**Table 95: Employees - Biodiversity and Landscaping (Parks)**

Employees: Biodiversity and Landscaping (Parks)								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	4	5	1	4	4	0	0.0%
4	T09 - T11	1	9	8	1	1	0	0.0%
5	T06 - T08	28	64	36	28	25	3	10.7%
6	T03 - T05	141	261	122	139	122	17	12.2%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>175</b>	<b>340</b>	<b>167</b>	<b>173</b>	<b>153</b>	<b>20</b>	<b>11.6%</b>



## COMPONENT G: SECURITY AND SAFETY

### 3.24 INTRODUCTION

This part of the report deals with the traffic, licensing, law enforcement, and fire and disaster management services rendered for the year under review.

### 3.25 TRAFFIC, LICENSING AND LAW ENFORCEMENT

During 2020/21, a large number of offences were dealt with. The main purpose of this section is not only to prosecute, but also to educate offenders. The main activities undertaken were:

- Apprehending offenders talking on cell phones while driving, red light and stop street violations, failure to wear seatbelts, excessive speeding, taxis, red and yellow line offences, illegal number plates and driving under the influence of alcohol – all of the aforementioned contributed to a high accident rate;
- Corrective measures taken inter alia include selective law enforcement on safety belts, cell phones, number plates and public transport enforcement;
- The appointment of a new service provider for automatic speed enforcement is effective in dealing with excessive speed;
- Traffic safety talks at various institutions to address irresponsible driver behavior and pedestrian safety;
- We've launched drag racing operations in Paarl and Wellington with the assistance of SAPS and Provincial Traffic with fairly huge successes;
- The Drakenstein Smart Safety Network were launched on 01 November 2019 with the view of having a centralised control room where all safety partners in the Drakenstein Municipal area can operate.

### 3.25.1 Service Statistics

Table 96: Traffic, Licensing and Law Enforcement Service Data

Traffic, Licensing and Law Enforcement Service Data				
Serial No.	Details	2018/19 Actual	2019/20 Actual	2020/21 Actual
Column Ref.	A	B	C	D
1	Number of road traffic accidents during the year	3,340	3,228	3,356
2	Number of bylaw infringements attended	3,017	2,553	3,523
3	Number of traffic officers in the field on an average day	8 – Early Shift 8 – Late Shift 16 = officers per day	8 – Early Shift 8 – Late Shift 16 = officers per day	5 – Shift One 6 – Shift Two 11 = officers per day
4	Number of traffic officers on duty on an average day	10 – Testing Station 8 – Early Shift 8 – Late Shift = 26 officers per day	8 – Early Shift 8 – Late Shift 16 = officers per day	11 – Testing Station 5 – Shift One 6 – Shift Two 22 = officers per day

### 3.25.2 Service Delivery Levels

The mission of Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic services, and in rendering a service to the community of Drakenstein and its visitors by ensuring the free flow of traffic and creating a safe environment to make Drakenstein “A city of excellence”.

### 3.25.3 Capital Expenditure

The Traffic Section spent R913.7 thousand or 57.7% of the final adjustments budget on traffic, licensing and law enforcement services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 97: Capital Expenditure 2020/21 - Traffic, Licensing and Law Enforcement

Capital Expenditure 2020/21: Traffic, Licensing and Law Enforcement					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Electronic Learning and Driver Licensing	800,000	808,400	455,662	43.6%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Traffic HQ	500,000	309,042	309,041	0.0%
4	Radios	310,000	112,739	112,738	0.0%
5	Other Capital Projects	500,000	354,639	36,265	89.8%
6	<b>Total Capital Expenditure</b>	<b>2,110,000</b>	<b>1,584,820</b>	<b>913,706</b>	<b>42.3%</b>

### 3.25.4 Major Projects Completed

The completion of the Vehicle Impound Facility for the impoundment of public transport vehicles (taxis and busses).

### 3.25.5 Operating Expenditure

Traffic, licensing and law enforcement, as a community service, generated an operating deficit of R41.8 million for the 2020/21 financial year. The surplus is subsidising other community services running at a loss.

**Table 98: Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement**

Operating Revenue and Expenditure: Traffic, Licensing and Law Enforcement						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(101,835,552)	(99,056,839)	(156,884,770)	(149,176,746)	-4.9%
2	<b>Total Operating Revenue</b>	<b>(101,835,552)</b>	<b>(99,056,839)</b>	<b>(156,884,770)</b>	<b>(149,176,746)</b>	<b>-4.9%</b>
3	Employee Related Costs	35,950,054	39,771,008	41,097,502	40,538,505	1.4%
4	Impairment Losses on Financial Assets	66,195,634	66,927,391	118,004,356	108,303,324	8.2%
5	Interest Paid	93,387	527,294	521,046	521,046	0.0%
6	Contracted Services	40,670,867	32,280,615	41,450,728	40,294,918	2.8%
7	Depreciation and Provisions	103,722	508,421	130,893	123,519	5.6%
8	Inventory	544,407	480,500	523,757	516,252	1.4%
9	Operational Costs	382,929	383,000	1,088,369	662,512	39.1%
10	<b>Total Operating Expenditure</b>	<b>143,941,001</b>	<b>140,878,229</b>	<b>202,816,651</b>	<b>190,960,077</b>	<b>5.8%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>42,105,448</b>	<b>41,821,390</b>	<b>45,931,881</b>	<b>41,783,331</b>	<b>-9.0%</b>

### 3.25.6 Employee Statistics

The Traffic, Licensing and Law Enforcement Section has 320 posts on the organisational structure approved by Council on 31 May 2018 of which 201 posts are frozen and 119 posts funded at year-end. The section had 111 filled posts at year-end and based on the number of vacancies (8) had a 6.7% vacancy rate.

**Table 99: Employees - Traffic, Licensing and Law Enforcement**

Employees: Traffic, Licensing and Law Enforcement								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	2	3	1	2	2	0	0.0%
3	T12 - T14	1	4	3	1	1	0	0.0%
4	T09 - T11	55	189	133	56	52	4	7.1%
5	T06 - T08	10	33	22	11	10	1	9.1%
6	T03 - T05	45	91	42	49	46	3	6.1%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>113</b>	<b>320</b>	<b>201</b>	<b>119</b>	<b>111</b>	<b>8</b>	<b>6.7%</b>

### 3.26 FIRE AND DISASTER MANAGEMENT SERVICES

#### 3.26.1 Fire and Rescue Services

The Fire Department is divided into five functional areas, namely: Operations, Training, Support Services, Fire Safety and the Disaster Risk Management Unit. Within these functional areas, the following activities take place or are conducted:

- **Operations:** The division operates a 24-hour service and an emergency control centre, which responds to all incidents in the municipal area immediately with targeted predetermined response times. The Municipality is proud to report that it achieves these goals most of the time due to the geographical location of all fire stations. The Fire Service has four fire stations that are located in Paarl, Wellington, Mbekweni and Saron.
- **Training:**
  - 1. Professional-** Drakenstein Municipality is accredited as a Fire Training Centre and provides professional firefighting training to all appointed Fire Service personnel and to neighboring fire services. The training centre also complements other accredited training centres in the region. The objective of continuous training is to improve the skills and development of the firefighting personnel in order to provide a professional service to the communities we serve. During the reporting period, 69 Fire Service Officials (own and other services) received continuous training relating to the scope of the work they perform. COVID 19 placed a damper on our continuous professional training programme.
  - 2. Public and Life Safety Training -** A total of 3,590 children from primary and pre-primary schools were recipients of the Fire and Life Safety Programme: Stop, Drop and Roll, Learn Not to Burn and Crawl Low under Fire. These programmes are aimed at fire and life safety

within the communities. The training also involved awareness sessions with regard to the COVID 19 pandemic and ensuring compliance.

- **Support Services:** The Fire Service operates a 24-hour emergency control and dispatch centre. All emergency calls are received by the centre and, depending on the emergency, the relevant vehicles are dispatched to attend to the incidents. The incidents are not confined to fire calls only. Professionally trained firefighters responded to rescue and medical incidents, chemical incidents, and other special services calls such as flooding and etcetera.
- **Fire Safety:** This section focuses on risk, and building inspections, in compliance with the National Building Regulations and the Building Standards Act, and related bylaws.

### 3.26.1.1 Service Statistics

**Table 100: Fire Service Data**

Fire Service Data				
Serial No.	Detail	2018/19 Actual	2019/20 Actual	2020/21 Actual
Column Ref.	A	B	C	D
1	Total fires attended to in the year	873	965	1,024
2	Total of other incidents attended to in the year	113	124	165
3	Average turnout time – urban areas (minutes)	10-12	10-12	10-12
4	Average turnout time – rural areas	20	20	20
5	Firefighters in post at year end	72	76	71
6	Total fire appliances at year end	10	12	11
7	Average number of appliances on the road during the year	8	10	10

**Table 101: Fire Safety – Activities/Inspections**

Fire Safety Activities/Inspections				
Serial No	Description	2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Fire safety inspections	1,063	987	116
2	Inspections of overgrown erven and property	1,232	1,256	1,065
3	Lectures and demonstrations	78	65	48
4	Buildings plans scrutinised and approved	2,376	2,578	2,785
5	Events Management and risk visits	139	81	78

The following training was conducted and attended by fire service personnel:

**Table 102: Fire Fighter Training**

Firefighter Training				
Serial No	Description	Number of Officials Attended		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Practical Pump Operations and Driving	12	9	6
2	Advanced Fire Safety Course	-	2	2
3	Daily drills and instruction per shift	45	67	55
4	Breathing Apparatus refresher course	45	67	55

### **3.26.1.2 Service Delivery Levels**

- Responding to emergency calls within predetermined times, constantly striving to achieve this standard 85% or more at a time.
- Conducting public and life safety-awareness session within our municipal area with the aim to create and have safer communities with specific focus in informal settlement areas.
- Scrutinised building plans and provide fire service comments within 5 days for plans smaller than 500 square metres.
- Scrutinised building plans and provide fire service comments within 10 days for plans bigger than 500 square metres.
- Conducting of 48 fire risk building inspections per annum in our municipal area focusing on compliance to fire safety requirements as legislatively required.
- Conducting of 42 continuous professional firefighter-training sessions as prescribed by SANS 10090.

As an accredited training centre, a serious focus is placed on continuous professional firefighter training for our own firefighters as well as neighbouring fire services. The table above indicates the number of training activities and programmes that were conducted over the past year. Our aim is to become a Fire Training Academy of excellence providing quality training and skills development.

### **3.26.2 Disaster Management**

This service delivery priority is aimed at the annual review of the Corporate Disaster Management Plan, which was reviewed and submitted for final approval and implementation. All Senior Managers were updated and informed of the plan regarding their specific functional responsibilities.

The Municipality renders relief services to fire victims by handing out food parcels and blankets. During 2020/21, 453 blankets and 130 food parcels were handed out. Shack fires remain a challenge. The Fire Service continued their smoke alarm project, which involved the installation of 933 smoke alarms in the informal settlements areas of Paarl East, May Avenue, Mbekweni and Gouda area.

COVID-19 Preparedness and operational plans: The announcements of the State President and the continuous adjusted levels of lockdown placed us again in unprecedented territory and necessitated an emergency response plan to manage the effects of the COVID-19 Pandemic in our municipal area. The plan focused on the following key areas:

- Fire Services continued their service as an essential services provider. Staff were reasonably successful in complying with COVID safety rules and regulations and as a result allowed a reasonable fire service to be rendered to the community at large. All fire stations could be manned and be in a state of emergency preparedness to respond at any given time.
- Local Joint Operating Centre (JOC) meetings were held once a week to discuss operational activities and provide support services to important role-players.
- District JOC meetings once a week to provide feedback of operational plans implemented.
- Stakeholder engagement to promote good interdepartmental working relationships and to share knowledge and resources.

Law Enforcement together with Fire Services continued to focus much on enforcement of the regulations at hot spot areas in specific shopping centres to ensure social distancing etc. loud hailing and awareness campaigns by all role-players in the communities were critical and well executed.

The Department of Health actively engaged in community screening on a daily basis throughout the municipal area. The scheduled vaccination programme received a high priority and is being driven by a very dynamic and committed team of the Department of Health.

Currently Middelplaas is still operating as a quarantine site.

#### **3.26.2.1 Service Delivery Levels**

The fire service aims to attend to all emergencies within the prescribed attendance times.

### 3.26.3 Capital Expenditure

The Fire and Disaster Section only spent R266.3 thousand or 100% of the final adjustments budget on fire and disaster infrastructure projects for the year under review. The capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 103: Capital Expenditure 2020/21 - Fire & Disaster Management**

Capital Expenditure 2020/21: Fire & Disaster Management					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Other Capital Projects	1,637,600	266,319	266,317	0.0%
2	Extension of Basic Services: Informal Settlements Water	1,637,600	266,319	266,317	0.0%

### 3.26.4 Major Projects Completed

- Smoke alarm project: Installation of 824 smoke alarms in the informal settlement areas of Paarl East, Fairyland and Maylaan Mbekweni respectively.
- Stakeholder engagement: Memorandum of Understanding entered into and signed by Drakenstein Farm Watch and Cape Winelands District for their important role they play in community safety. The relationship is growing from strength to strength and will be developed to engage more partners in the future.
- An integral partner for the establishment of a Centralised Control Centre located at 60 Breda Street and the phased-in approach is still ongoing.

### 3.26.5 Operating Expenditure

Fire and disaster management services, as a community service, generated an operating deficit of R40.6 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.



**Table 104: Operating Revenue and Expenditure: Fire and Disaster Management Services**

Operating Revenue and Expenditure: Fire and Disaster Management						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(3,361,925)	(205,276)	(1,392,276)	(1,922,875)	38.1%
2	<b>Total Operating Revenue</b>	<b>(3,361,925)</b>	<b>(205,276)</b>	<b>(1,392,276)</b>	<b>(1,922,875)</b>	38.1%
3	Employee Related Costs	36,908,023	35,797,153	38,774,130	40,055,759	-3.3%
4	Impairment Losses on Financial Assets	0	0	0	0	#DIV/0!
5	Interest Paid	0	0	0	0	#DIV/0!
6	Contracted Services	218,348	351,000	288,048	271,210	5.8%
7	Depreciation and Provisions	87,747	1,216,315	217,194	204,886	5.7%
8	Inventory	1,437,557	92,500	857,745	1,152,357	-34.3%
9	Operational Costs	2,254,926	752,050	783,658	869,337	-10.9%
10	<b>Total Operating Expenditure</b>	<b>40,906,601</b>	<b>38,209,018</b>	<b>40,920,775</b>	<b>42,553,549</b>	-4.0%
11	<b>Operating (Surplus) / Deficit</b>	<b>37,544,676</b>	<b>38,003,742</b>	<b>39,528,499</b>	<b>40,630,674</b>	2.8%

### 3.26.6 Employee Statistics

The Fire and Disaster Management Section has 176 posts on the organisational structure approved by Council on 31 May 2018 of which 93 posts are frozen and 83 posts funded at year-end. The section had 81 filled posts at year-end and based on the number of vacancies (2) had a 2.4% vacancy rate.

**Table 105: Employees - Fire and Disaster Management**

Employees: Fire and Disaster Management								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	3	3	0	3	3	0	0.0%
3	T12 - T14	7	13	5	8	6	2	25.0%
4	T09 - T11	3	35	25	10	10	0	0.0%
5	T06 - T08	64	113	55	58	58	0	0.0%
6	T03 - T05	4	12	8	4	4	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>81</b>	<b>176</b>	<b>93</b>	<b>83</b>	<b>81</b>	<b>2</b>	<b>2.4%</b>

## COMPONENT H: SPORT AND RECREATION

### 3.27 INTRODUCTION

The Sport and Recreation Section's mandate is to maintain Holiday Resorts, Swimming Pools, and Sport Facilities and to coordinate recreation activities.

#### 3.27.1 Holiday Resorts

Drakenstein Municipality has three resorts. Orleans Resort situated in Paarl, Antoniesvlei Resort in Wellington and Saron Resort. During the off-season Antoniesvlei is closed. (May to September). Orleans and Saron Resorts are open to the public all year round however, the swimming pool at the resort in Saron and the splash Pool at Orleans stay closed for off-season maintenance.

With the outbreak of the COVID-19 epidemic, the President announced a State of Disaster and all resorts closed on 27 March 2020 indefinitely.

Orleans Park is currently being used for temporary emergency housing for the evictees.

##### 3.27.1.1 Service Statistics

Below are the statistics for the number of visitors per resort

Table 106: Population utilisation of holiday resorts

Population utilisation of holiday resorts				
Serial No.	Resorts	Number of Visitors 2018/2019	Number of Visitors 2019/2020	Number of Visitors 2020/2021
Column Ref.	A	B	C	D
1	Orleans Park	64,654	41,761	18,125
2	Saron Holiday Resort	10,156	14,100	10,421
3	Antoniesvlei Holiday Resort	33,854	28,985	10,817

##### 3.27.1.2 Service Delivery Levels

The resorts are maintained to ensure service delivery and maximum use of the facilities to the public in general as well as residents from neighbouring towns.

### 3.27.2 Sport Grounds and Halls

Sports fields and halls in Drakenstein were prepared for 2,432 events/games for the year under review. The following table provides a comparison between 2018/19, 2019/20 and 2020/21 of the different sports codes' utilisation of the facilities.

#### 3.27.2.1 Service Statistics

**Table 107: Sport codes utilisation of sport facilities**

Serial No	Sport Code	2018/19	2019/20	2020/21	Number of fields
Column Ref.	A	B	C	D	E
1	Rugby	684	281	100	21
2	Cricket	509	472	378	12
3	Soccer	1,254	47	223	13
4	Cycling	11	17	118	1
5	Hockey	13	68	0	4
6	Athletics	98	134	78	4
7	Netball	323	748	107	14
8	Other Events (Including 38 Park runs in the Arboretum)	727	281	-	-

Please note: Significant variance in 2020/21 numbers are due to the impact of the COVID-19 pandemic lockdown regulations that started on 26 March 2020 resulted in the decrease of sports events as all sport facilities were ordered to be closed with immediate effect.

#### 3.27.2.2 Service Delivery Levels

Due to the implementation of coordinated maintenance and upgrade, plans service delivery levels automatically improved as we now could provide more playable surfaces to the various sporting codes.

### 3.27.3 Swimming Pools

Due to upgrades to Mbekweni and Drakenstein swimming pools only three pools resorting under the Sport and Recreation section opened on 1 October 2020. We had to comply with the COVID-19 regulations and could only allow limited access to visitors at all our pools.

Upgrades to Mbekweni and Drakenstein swimming pools included:

- Drakenstein – The total replacement of the entire pool's tiles, the installation of two new pumps; the installation of a chlorine chip system; the installation of new filters

- Mbekweni – The re-construction of the pool surface; the replacement of the filters, the installation of a sump and water channels alongside the pool to control the high water table.

### 3.27.3.1 Service Statistics

Serial No.	Swimming Pool	Number of patrons 2018/19	Number of patrons 2019/20	Number of patrons 2020/21
Column Ref.	A	B	C	
1	Drakenstein	9,961	10,541	Under construction
2	Pentz Street	11,939	5,000	9,568
3	Faure Street	20,815	22,513	5,6074
4	Mbekweni	4,164	6,482	Under construction
5	Weltevrede	4,620	21,661	11,870

### 3.27.3.2 Service Delivery Levels

Major upgrades were done at Drakenstein and Mbekweni swimming pools during the season 1 October 2020 to 31 March 2021.

### 3.27.4 Capital Expenditure

The Sport and Recreation Section spent R15.6 million or 95.8% of the final adjustments budget on sport and recreation infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 108: Capital Expenditure 2020/21 - Holiday Resorts, Sport Facilities and Swimming Pools**

Capital Expenditure 2020/21: Holiday Resorts, Sport Facilities and Swimming Pools					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Upgrade Swimming Pools	6,720,000	6,724,675	6,544,852	2.7%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Arboretum Climate Park	2,860,000	3,676,046	3,178,649	13.5%
4	Upgrading of Parks and Main Roads	-	1,301,244	1,301,244	0.0%
5	Construct Fairyland Sport Facility	1,235,000	1,235,000	1,235,000	0.0%
6	Machinery and Equipment	700,000	764,734	764,734	0.0%
7	New Orleans Cricket Pitch	-	634,000	634,000	0.0%
8	Pelikaan Park Upgrade Facility	-	523,431	523,431	0.0%
9	Upgrading of Facilities	150,000	513,928	513,927	0.0%
10	Dal Sport Stadium: Upgrading Facility	500,000	497,009	497,008	0.0%
11	Playgrounds Development	-	303,034	303,033	0.0%
12	Boreholes	-	100,272	100,272	0.0%
13	Other Capital Projects	75,000	13,585	13,584	0.0%
14	<b>Total Capital Expenditure</b>	<b>12,240,000</b>	<b>16,286,958</b>	<b>15,609,735</b>	<b>4.2%</b>

### 3.27.5 Major Projects Completed

Various capital projects were undertaken by Community Services during the 2020/21 financial year.

- Upgrading of Drakenstein Swimming Pool: The total replacement of the entire pool's tiles, the installation of two new pumps; the installation of a chlorine chip system; the installation of new filters
- Upgrade of Mbekweni Swimming Pool: The re-construction of the pool surface; the replacement of the filters, the installation of a sump and water channels alongside the pool to control the high water table.
- Upgrading of Dal Josaphat Stadium: Installation of containerised change rooms.

### 3.27.6 Operating Expenditure

Holiday resorts, sport facilities and swimming pools services, as a community service, generated an operating deficit of R65.3 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 109: Operating Revenue and Expenditure: Holiday Resorts, Sport Facilities and Swimming Pools**

Operating Revenue and Expenditure: Holiday Resorts, Sport Facilities and Swimming Pools						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(5,037,192)	(6,631,802)	(6,631,802)	(3,218,802)	-51.5%
2	<b>Total Operating Revenue</b>	<b>(5,037,192)</b>	<b>(6,631,802)</b>	<b>(6,631,802)</b>	<b>(3,218,802)</b>	-51.5%
3	Employee Related Costs	50,391,647	63,184,712	53,444,316	50,493,576	5.5%
4	Impairment Losses on Financial Assets	0	0	0	32	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	1,266,878	5,422,000	3,938,578	4,353,185	-10.5%
7	Depreciation and Provisions	6,644,087	7,167,450	7,425,589	7,007,208	5.6%
8	Inventory	3,549,709	1,944,500	2,599,089	2,642,910	-1.7%
9	Operational Costs	5,680,637	4,659,000	4,095,354	4,049,074	1.1%
10	<b>Total Operating Expenditure</b>	<b>67,532,959</b>	<b>82,377,662</b>	<b>71,502,926</b>	<b>68,545,985</b>	4.1%
11	<b>Operating (Surplus) / Deficit</b>	<b>62,495,766</b>	<b>75,745,860</b>	<b>64,871,124</b>	<b>65,327,183</b>	0.7%

### 3.27.7 Employee Statistics

The Sport and Recreation Section has 204 posts on the organisational structure approved by Council on 31 May 2018 of which 131 posts are frozen and 73 posts funded at year-end. The section had 69 filled and 4 vacant post at year-end which resulted in a 5.5% vacancy rate.

**Table 110: Employees - Sport and Recreation**

Employees: Sport and Recreation								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	1	1	0	1	1	0	0.0%
4	T09 - T11	1	2	1	1	1	0	0.0%
5	T06 - T08	17	46	26	20	19	1	5.0%
6	T03 - T05	43	154	104	50	47	3	6.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>63</b>	<b>204</b>	<b>131</b>	<b>73</b>	<b>69</b>	<b>4</b>	<b>5.5%</b>

### 3.28 INTRODUCTION

In terms of Section 4(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), a municipal council must, within the Municipality's financial and administrative capacity, and having regard for practical considerations:

- Exercise the Municipality's executive and legislative authority and use the resources of the Municipality in the best interests of the community;
- Provide, without favour or prejudice, democratic and accountable government;
- Encourage the involvement of the community;
- Strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner;
- Consult the community on the level, quality, range and impact of municipal services and the available options for service delivery;
- Give members of the community equitable access to the municipal services to which they are entitled;
- Promote and undertake development in the Municipality;
- Promote gender equity in the exercise of the Municipality's executive and legislative authority;
- Promote a safe and healthy environment in the Municipality; and
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

### 3.29 EXECUTIVE AND COUNCIL SUPPORT

A council must annually review:

- The needs of the community;
- Its priorities to meet those needs;
- Its processes for involving the community;
- Its organisational and delivery mechanisms for meeting those needs; and
- Its overall performance in achieving the objects of local government as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996).

In terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), the municipal council must elect an executive mayor and other office-bearers. The executive mayor appoints a mayoral committee to assist the executive mayor. The municipal council may

establish committees to assist the municipal council and/or the executive mayor. The Executive Mayor of Drakenstein Municipality, Ald CJ Poole, and the Council have made substantial strides towards implementing the revised vision of Drakenstein, *“A city of excellence”* throughout the operations of Council and the Administration in the year under review.

### 3.29.1 Service Statistics

The Municipal Council adopted priorities for the Municipality, Executive Mayor and other political structures to meet on a regular basis in order to ensure that decision-making takes place in an efficient and effective manner.

Regular performance reports in terms of the Performance Management System, together with monthly reports to the Mayoral Committee and Council, provide these structures with continuous information on progress made with the achievement of targets as well as the implementation of decisions taken by them. These systems have been further enhanced by the issuing of electronic devices to Councillors and the procurement of an electronic system generating reports to the Portfolio Committees, the Mayoral Committee and Council.

**Table 111: Service Statistics for the Executive and Council**

Service Statistics for the Executive and Council				
Serial No	Council and Committee Structures	No. of meetings		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Mayoral Committee	20	17	20
2	Special Mayoral Committee	2	2	0
3	Council	11	10	11
4	Special Council	3	4	2
5	Special Confidential Council	0	1	0
6	Corporate Services Portfolio Committee	7	6	8
7	Community Services Portfolio Committee	8	6	6
8	Finance Portfolio Committee	12	10	12
9	Engineering Services Portfolio Committee	6	5	5
10	Planning and Development Portfolio Committee	10	5	6
11	Municipal Public Accounts Committee (MPAC)	2	3	2
12	Appeal Committee	0	1	2
13	Audit Committee	7	7	9
14	Fraud and Risk Management Committee	4	4	4
15	Budget Steering Committee	11	10	8



### 3.29.2 Service Delivery levels

All agendas are in terms of the approved Standard Operating Procedures of Administration distributed at least three calendar days before a meeting and in the case of minutes within five working days after the meeting was held.

### 3.29.3 Capital Expenditure

The Executive and Council section spent R187.4 thousand or 100% of the final adjustments budget on executive and council infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 112: Capital Expenditure 2020/21 - Executive and Council

Capital Expenditure 2020/21: Executive & Council Support					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Colloborator Module for DIF Proposals	-	160,583	160,583	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Other Capital Projects	-	26,795	26,794	0.0%
4	Total Capital Expenditure	-	187,378	187,377	0.0%

### 3.29.4 Major Projects Completed

In order to promote virtual political meetings, all councillors have been given access to electronic platforms to facilitate virtual meetings.

### 3.29.5 Operating Expenditure

Executive and Council generated an operating deficit of R106.8 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 113: Operating Revenue and Expenditure: Executive and Council**

Operating Revenue and Expenditure: Executive and Council						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(1,587,218)	(392,424)	(592,847)	(1,636,659)	176.1%
2	<b>Total Operating Revenue</b>	<b>(1,587,218)</b>	<b>(392,424)</b>	<b>(592,847)</b>	<b>(1,636,659)</b>	176.1%
3	Employee Related Costs	95,214,810	52,794,819	60,860,860	68,373,274	-12.3%
4	Impairment Losses on Financial Assets	0	0	0	0	#DIV/0!
5	Interest Paid	0	0	0	0	#DIV/0!
6	Contracted Services	4,336,144	7,280,056	6,161,123	5,730,417	7.0%
7	Depreciation and Provisions	427,271	972,458	477,520	510,081	-6.8%
8	Inventory	454,154	5,519,531	415,636	153,401	63.1%
9	Operational Costs	7,023,100	34,478,980	34,967,455	33,706,365	3.6%
10	<b>Total Operating Expenditure</b>	<b>107,455,478</b>	<b>101,045,844</b>	<b>102,882,594</b>	<b>108,473,538</b>	-5.4%
11	<b>Operating (Surplus) / Deficit</b>	<b>105,868,261</b>	<b>100,653,420</b>	<b>102,289,747</b>	<b>106,836,879</b>	4.4%

### 3.29.6 Employee Statistics

The Executive and Council Support Section has 11 posts on the organisational structure approved by Council on 31 May 2018. The section had 11 filled posts at year-end and based on the number of vacancies (0) had a 0% vacancy rate

**Table 114: Employees - Executive and Council Support**

Employees: Executive and Council Support								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	0	0	0	0	0	0	0.0%
3	T12 - T14	0	0	0	0	0	0	0.0%
4	T09 - T11	1	1	0	1	1	0	0.0%
5	T06 - T08	10	10	0	10	10	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0.0%</b>

### **3.30 FINANCIAL SERVICES**

The major key performance area is the focus on long-term financial sustainability. It is imperative that the generated revenue base is of such a nature that the Municipality is able to fund its short-, medium- and long-term operations in order to ensure continuity and a financially sound and stable organisation. The major key functional areas that have been identified and linked to financial sustainability are revenue enhancement, credit control measures and expenditure management.

The debtors' payment period for the 2019/20 financial year (before considering the provision for impairment) was 64.5 days, which is below the targeted number of 70 days. The number of days for the 2019/20 financial year (before considering the provision for impairment) was 68.4 days, which is below the targeted number of 70 days.

The Municipality's debtors' collection period in days (after impairment) decreased to 41.7 days as at 30 June 2021 compared with the 46.5 days as at 30 June 2020. The Municipality's debtors' collection period in days (before impairment) decreased by 3.9 days and the Municipality's debtors' collection period in days (after impairment) improved by 4.8 days during the financial year under review.

The ratios in terms of the collection of revenue have improved overall after the disastrous impact of the COVID-19 lockdown. There is still a considerable amount of work to be done in order to bring the debtors' book of Council to an acceptable level.

The ability of Council to finance the capital programme from internally generated funds remains a big challenge. This challenge has an inverse relationship with the increasing external loan debt of Council, which amounted to 69.3% of total operating revenue (conditional capital and operational grants excluded) at the end of the 2020/21 financial year. Although Council policy wise has capped the gearing ratio percentage at 50%, urgent upgrades in revenue generating bulk infrastructure to enable increased development and therefore an increased revenue base necessitated that we accelerate our capital programme in prior years. It is envisaged that the gearing ratio will decrease to about 62.8% in the 2021/22 financial year and to about 38.4% in accordance with the Long Term Financial Plan by the 2025/26 financial year.

### 3.30.1 Service Statistics

Table 115: Debt Recovery

Debt Recovery							
Serial No.	Revenue Service	R'000					
		2019/20			2020/21		
		Billed	Collected	% Collection Rate	Billed	Collected	% Collection Rate
Column Ref.	A	B	C	D	E	F	G
1	Property Rates	349,873	286,263	81.82%	347,999	322,242	92.60%
2	Electricity	1,071,016	936,972	87.48%	1,072,406	1,013,015	94.46%
3	Water	157,008	139,480	88.84%	158,513	164,884	104.02%
4	Sanitation	121,242	98,879	81.56%	121,786	112,442	92.33%
5	Refuse	134,554	103,857	77.19%	127,660	119,386	93.52%
6	Other	27,141	210,841	776.84%	82,439	186,553	226.29%
7	Totals	1,860,834	1,776,292	95.46%	1,910,803	1,918,522	100.40%

### 3.30.2 Service Delivery levels

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

### 3.30.3 Capital Expenditure

The Financial Services Department spent R5.7 thousand or 50.5% of the final adjustments budget on financial services infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 116: Capital Expenditure 2020/21 - Financial Services

Capital Expenditure 2020/21: Financial Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Furniture and Office Equipment	-	11,410	5,760	49.5%
2	Extension of Basic Services: Informal Settlements Water	-	11,410	5,760	49.5%

### 3.30.4 Major Projects Completed

No major capital projects were completed in the Department of Financial Services.

### 3.30.5 Operating Expenditure

Financial Services, as a support service, generated an operating surplus of R329.2 million for the 2020/21 financial year. The surplus, due to property rates revenue, is subsidising other community services operating at a loss.

**Table 117: Operating Revenue and Expenditure: Financial Services (Procurement Services excluded)**

Operating Revenue and Expenditure: Finance and Administration (Procurement Services Excluded)						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(368,168,842)	(350,622,842)	(379,822,054)	(423,177,495)	11.4%
2	<b>Total Operating Revenue</b>	<b>(368,168,842)</b>	<b>(350,622,842)</b>	<b>(379,822,054)</b>	<b>(423,177,495)</b>	11.4%
3	Employee Related Costs	55,150,385	58,138,372	58,817,154	56,772,885	3.5%
4	Impairment Losses on Financial Assets	3,959,701	8,860,433	8,860,433	3,382,241	61.8%
5	Interest Paid	56,907,180	0	0	0	0.0%
6	Contracted Services	4,801,291	5,993,596	7,780,830	4,896,766	37.1%
7	Depreciation and Provisions	665,309	3,698,696	747,217	695,368	6.9%
8	Inventory	764,308	1,031,500	1,116,152	1,123,705	-0.7%
9	Operational Costs and Losses	23,629,950	25,183,049	28,072,084	27,134,346	3.3%
10	<b>Total Operating Expenditure</b>	<b>145,878,124</b>	<b>102,905,646</b>	<b>105,393,870</b>	<b>94,005,311</b>	10.8%
11	<b>Operating (Surplus) / Deficit</b>	<b>(222,290,719)</b>	<b>(247,717,196)</b>	<b>(274,428,184)</b>	<b>(329,172,184)</b>	19.9%

### 3.30.6 Employee Statistics

The Financial Services Department (Procurement Services Division excluded) has 215 posts on the organisational structure approved by Council on 31 May 2018 of which 150 approved posts was funded. The section had 134 filled posts at year-end and based on the number of vacancies (16) had a 10.7% vacancy rate

**Table 118: Employees - Financial Services (Procurement Services Excluded)**

<b>Employees: Financial Services (Procurement Services Excluded)</b>								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	2	2	0	2	2	0	0.0%
2	T15 - T17	4	5	0	5	3	2	40.0%
3	T12 - T14	14	23	8	15	14	1	6.7%
4	T09 - T11	2	6	3	3	2	1	33.3%
5	T06 - T08	74	117	36	81	71	10	12.3%
6	T03 - T05	42	62	18	44	42	2	4.5%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>138</b>	<b>215</b>	<b>65</b>	<b>150</b>	<b>134</b>	<b>16</b>	<b>10.7%</b>

### 3.31 HUMAN RESOURCE SERVICES

The Human Resources Division consists of four sections namely, Training and Development, Personnel administration, Benefits and Recruitment services, Labour Relations, OHS and Employee Assistance services and Organisational Efficiency services. The total number of current staff is thirty five.

The Human Resources Section coordinated the appointment of 81 employees inclusive of seasonal workers and promotions. The Municipality is committed to the principles of employment equity legislation and will continue to strive to appoint suitably qualified applicants while ensuring that the workforce is representative of the clients it serves. The Municipality also recognises the skills that our internal staff possesses hence it has embarked on a process of promoting internal staff through advertising some posts internally.

The HR Division has driven the Staff Optimisation process to ensure that skills are utilised effectively from one department to the other. Weekly meetings are held with unions and respective departments in attempt to address staff utilization. This project is not meant to promote nor demote employees.

Succession Planning has also been implemented in consultation with departments. Departments were encouraged to complete lists of posts and staff identified for succession planning as well as the completion and implementation of Personal Development Plans.

HR is continuously playing a vital role in terms of the Extended Public Works Programme by assisting various departments by creating all appointed EPWP employees on the HR/Payroll System.

The Municipality has complied with the Employment Equity Act (EEA) by ensuring that the Employment Equity Report was prepared and electronically submitted to the Department of Labour on 15 January 2021. The Workplace Skills Plan and Annual Report were also submitted on 30 April 2021.

We pride ourselves with contributing positively to “*A city of excellence*” vision by implementing the tool for monitoring progress of staff performance by quarterly assessing the performance of duties as reflected in approved and graded job descriptions.

### 3.31.1 Service Statistics

**Table 119: Service Statistics for Human Resources Services**

Serial No.	Submission Date	To	Document
Column Ref.	A	B	C
1	31 May 2020	LGSETA	Workplace Skills Plan
2	31 May 2020	LGSETA	Annual Training Report
3	30 June annually	Office of the City Manager	A report on the numbers of employees that are appointed on the first three levels of management
4	15 January annually	Department of Labour	Employment Equity Report
5	Monthly	Department. of Local Government	Municipal Finance Management Programme Reports

### 3.31.2 Service Delivery Levels

A significant new number of job descriptions have been developed and evaluated in the financial year 2020/21. Staff from different departments have been trained to write job descriptions as per the prescribed format.

A new HR/Payroll System that has been put in place in the previous financial year, is working effectively and system administrators have been trained in each department. They assist those that do not have access to a computer to be able to apply for leave electronically. Staff is also able to view their leave and pay slips online.

### 3.31.3 Capital Expenditure

The Human Resources Division had no capital expenditure projects for the year under review.

**Table 120: Capital Expenditure 2020/21 - Human Resource Services**

Capital Expenditure 2020/21: Human Resources					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	No Capital Projects	-	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!

### 3.31.4 Major Projects Completed

Staff Optimisation, Talent Management and Succession Planning, training of HR/Payroll system administrators to assist with online application of leave for non-computer users, Internal and External Bursary awards, the grading of filled job descriptions and additional training of personnel to assist with TASK processes.

### 3.31.5 Operating Expenditure

Human Resource Services, as a support service, generated an operating deficit of R30.1 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 121: Operating Revenue and expenditure: Human Resource Services**

Operating Revenue and Expenditure: Human Resource Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(475,600)	(1,101,000)	(1,352,407)	(705,178)	-47.9%
2	<b>Total Operating Revenue</b>	<b>(475,600)</b>	<b>(1,101,000)</b>	<b>(1,352,407)</b>	<b>(705,178)</b>	-47.9%
3	Employee Related Costs	15,197,331	15,002,901	16,082,054	16,872,734	-4.9%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	1,991,810	2,220,000	2,669,597	1,932,760	27.6%
7	Depreciation and Provisions	385,249	211,618	431,196	397,874	7.7%
8	Inventory	237,525	193,000	186,614	353,685	-89.5%
9	Operational Costs	11,923,919	12,242,763	12,867,231	11,227,779	12.7%
10	<b>Total Operating Expenditure</b>	<b>29,735,835</b>	<b>29,870,282</b>	<b>32,236,692</b>	<b>30,784,832</b>	4.5%
11	<b>Operating (Surplus) / Deficit</b>	<b>29,260,235</b>	<b>28,769,282</b>	<b>30,884,285</b>	<b>30,079,654</b>	2.6%



### 3.31.6 Employee Statistics

The Human Resources Division has 66 posts on the organisational structure approved by Council on 31 May 2018 but only 35 of those are budgeted for. The section had 35 filled posts at year-end and based on the number of budgeted vacancies had a 0% vacancy rate in terms of budgeted positions

**Table 122: Employees - Human Resources**

Employees: Human Resources								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	5	5	0	5	5	0	0.0%
3	T12 - T14	5	11	6	5	5	0	0.0%
4	T09 - T11	9	13	4	9	9	0	0.0%
5	T06 - T08	13	24	11	13	13	0	0.0%
6	T03 - T05	3	13	10	3	3	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>35</b>	<b>66</b>	<b>31</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>0.0%</b>

## 3.32 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Senior Manager Information and Communication Technology are responsible for the effective management and functional supervision of the following three sections:

- ICT Governance and Administration;
- Information Systems; and
- ICT Operations and Support.

### 3.32.1 ICT Governance and Administration

The section is responsible for the:

- Administration of the ICT Division;
- Processing of financial data;
- Technical management of the processes related to the SOLAR financial system; and
- Development and implementation of governance mechanisms and controls for the management of information and communication technology.

In the year under review, measures were taken to improve the management and control of the use of information and communication technology and tighten the controls for the processing of financial data. The ICT Steering Committee was reconstituted. The seminar series continued in Drakenstein Municipality at which ICT and Geographical Information Systems presented at quarterly events.

The head of the section, due to the nature of his expertise in the field of Corporate Governance of ICT, took part in the following:

- Hessequa Municipality in the development and implementation of ICT Risk Register;
- Assisted the Department of Public Service and Administration in the revision of the Public Service Corporate Governance of ICT Policy Framework with its related implementation guideline and assessment standard;
- Presented at the South African chapter of the Association of African Public Administration and Management (AAPAM) seminar on the use of technology in ICT Research Methodology;
- Assisted Western Cape Province CoGTA with research on and development ICT Manager/Chief Information Officer Job Descriptions;
- Coordinated and drafted the Western Cape municipal-wide inputs into the Draft Corporate Governance of ICT Policy Framework on behalf of CoGTA; and
- Assisted Western Cape Province CoGTA with research into and development of a Data Management Framework.

### **3.32.2 Information Systems**

Information Systems are primarily responsible for:

- Business process redesign and optimisation;
- Management of business application systems and databases, developed both internally as well externally;
- Development and maintenance of an Enterprise Architecture in Business Application Systems; and
- Strategic oversight of municipal GIS.

The section plays a key role in the strategic direction of ICT within the Municipality and as such is consulted on key municipal deliverables.

In the 2020/21 this section spearheaded the review of the Municipality's mission critical systems.

### **3.32.3 Service Statistics**

Operationally the section provides continuous support for the development, enhancement and maintenance of more than 120 information systems and databases throughout the Municipality.

### **3.32.4 Operations and Support**

This section is responsible for:

- Planning, implementing and managing the ICT operations environment;
- Providing facilities to ensure the secure and optimal availability of all ICT infrastructure; telecommunications systems and data;
- ICT service desk and support function; and
- All ICT hardware deployed within Drakenstein Municipality resides under this section.

All ICT service infrastructure are currently hosted in a server room with a backup site to ensure continuity of service. This includes:

- Five host servers that houses the virtual server farm consisting of 80 virtual servers;
- 7 Physical servers for production and backups are also in use;
- 87 Tb storage unit containing all data that is generated and stored;
- Core network node that provides connectivity to 68 sites using 129 switches and 53 wireless links;
- 30 Wi-Fi Access Points;
- Voice over internet protocol to all connected offices;
- A number of new offices were connected to the network including Hermon and Ronwe Library, Gouda and Saron Waste Water Treatment Works as well as the Stores at Paarl Waste Water Treatment Works;
- Firewall and connectivity to the internet service provider; and
- Backup equipment with off-site storage and data replication.

Currently there are 986 users connecting to the network using the various systems. These users are supported from the ICT service desk. Support is provided online as well as through physical intervention. During the period under review, a total of 595 calls were resolved.

### **3.32.5 Capital Expenditure**

The ICT Division spent R2.8 million or 89.8% of the final adjustments budget on ICT infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 123: Capital Expenditure 2020/21 - Information and Communication Technology (ICT) Services**

Capital Expenditure 2020/21: Information and Communication Technology (ICT) Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	ICT Infrastructure	571,294	2,753,047	2,753,045	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Other Capital Projects	700,000	344,178	28,232	91.8%
4	<b>Total Capital Expenditure</b>	<b>1,271,294</b>	<b>3,097,225</b>	<b>2,781,277</b>	<b>10.2%</b>

### 3.32.6 Major Projects Completed

- Installation of optic fiber link from Paarl workshop to Paarl Wastewater Treatment Works;
- Installation of optic fiber link from Wellington Civic to Uitsig water tower;
- Upgrade of various wireless network links to municipal buildings;
- Obsolete computer equipment was replaced and upgraded as part of our ICT infrastructure replacement program.

### 3.32.7 Operating Expenditure

Information and communication technology services, as a support service, generated an operating deficit of R20.5 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 124: Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services**

Operating Revenue and Expenditure: Information and Communication Technology (ICT) Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	0	0	0	0	#DIV/0!
2	<b>Total Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
3	Employee Related Costs	8,755,742	8,689,159	9,409,458	9,447,095	-0.4%
4	Impairment Losses on Financial Assets	0	0	0	0	#DIV/0!
5	Interest Paid	0	0	0	0	#DIV/0!
6	Contracted Services	817,917	1,233,450	1,217,310	1,026,161	15.7%
7	Depreciation and Provisions	3,930,969	3,792,336	4,393,268	3,224,892	26.6%
8	Inventory	117,851	110,750	130,499	132,015	-1.2%
9	Operational Costs	4,145,205	5,118,415	5,907,127	6,682,670	-13.1%
10	<b>Total Operating Expenditure</b>	<b>17,767,684</b>	<b>18,944,110</b>	<b>21,057,662</b>	<b>20,512,833</b>	<b>2.6%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>17,767,684</b>	<b>18,944,110</b>	<b>21,057,662</b>	<b>20,512,833</b>	<b>-2.6%</b>

### 3.32.8 Employee Statistics

The ICT Division has 15 posts on the organisational structure approved by Council on 31 May 2018 of which 4 post are frozen and 11 posts funded at year-end. The section had 11 filled posts at year-end and based on the number of vacancies (0) had a 0% vacancy rate.

**Table 125: Employees - Information and Communication Technology (ICT) Services**

Employees: Information and Communication Technology (ICT) Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	4	4	0	4	4	0	0.0%
3	T12 - T14	4	7	3	4	4	0	0.0%
4	T09 - T11	3	3	0	3	3	0	0.0%
5	T06 - T08	0	1	1	0	0	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>11</b>	<b>15</b>	<b>4</b>	<b>11</b>	<b>11</b>	<b>0</b>	<b>0.0%</b>

### 3.33 PROPERTY SERVICES

The activities of this section contribute towards economic growth and development as well as social and community development by making properties available through the sale or lease thereof, and thereby creating economic opportunities while also providing for the development and empowerment of the poor and most vulnerable.

The main objective of the section is however, to administer Council's property portfolio and to ensure that the Municipality's property transactions are well administered, which include the lease or hire of immovable assets, the granting or obtaining of rights in properties as well as the alienation or acquisition thereof.

### 3.33.1 Service Statistics

**Table 126: Properties sold**

Properties for which final approval was granted from 1 July 2020 – 30 June 2021			
Serial No.	Properties sold	To	Purpose
Column Ref	A	B	C
1	Portion of Erf 947 Wellington	F and S Projects CC	Residential Purposes
2	Erf 1333 Mbekweni	Ethiopian church of South Africa	Church purposes
3	Erf 8581 Wellington	Beacon of Light Worship Centre	Church purposes
4	Portions E1, E2 and F of Erf 11261 Paarl	Pople Family Trust	Industrial/parking
5	Erven 30822 and 30823 Drommedaris Paarl	Hamba Vawgeli NPC	Community Hall, ECD, Aftercare facility
6	Portion C of Erf 4921 Paarl	Adsum Investments Pty Ltd	Industrial / extension of existing property
7	Portion E of Erf 4921 Paarl	The Reginald Trust	Industrial / extension of existing property
8	Portion B of Erf 4921 Paarl	Quotro Developers	Industrial / extension of existing property
9	Portion D of Erf 4921 Paarl	Material Boards	Industrial / extension of existing property
10	Portion G of Erf 4921 Paarl	Northern Lights Trading 334 (Pty) Ltd	Industrial / extension of existing property
11	Portion F of Erf 4921 Paarl	Alley Property Trust	Industrial / extension of existing property
12	Portion A of Erf 4921 Paarl	Eastern Horizon	Industrial / extension of existing property
13	Erf 30260 Nontaka Street, Drommedaris, Paarl	Sun Rise Educare	ECD purposes
14	Erf 26440 Paarl	Elitha Lethu Creche	ECD purposes
15	Portion of road serve, Keerom Street, Wellington	Wellington Varsity Lodge (Pty) Ltd	Parking

**Table 127: Properties leased**

Serial No	Properties leased	To	Purpose
Column No.	A	B	C
1	Erf 1622 Gouda	National Department of Transport and Public Works	Satellite police station
2	Portion of Erf 1279 Wellington	Curious Monkeys Aftercare and Playschool	Crèche, afterschool, playschool
3	Erven 95 and 1870 Wellington	Wellington Museum	Museum
4	Portion Erf 5810 Wellington	Lollypop Educare Centre	ECD
5	Erf 671 Wellington	Ubuntu Development Initiative NPC	Social and community
6	Erf 10186 Paarl	Miqlat (NPO Registration Number 2000/030785/08)	Community and sport facility.
7	A portion Erf 14733 Paarl	MPACT Operations (Pty) Ltd T/A Versapak	Parking.

Serial No	Properties leased	To	Purpose
Column No.	A	B	C
8	Portion of Erf 7156 Paarl	Old Mill Sport Association	Sport
9	Portion of Erf 7156 Paarl	Old Mill Art School	Arts and Culture
10	Portion of Erf 645, Mbekweni	Mbekweni Community Health Workers NPO	Community and Social
11	Portion of Erf 8431 Paarl	Paarl Cricket Club	Sport
12	Portion of Erf 4916	Trailer Hire (Pty)	Business
13	Erven 2014 and 2018, Wellington	Wamakersvallei Training Centre	Training Facility and related activities
14	Portion 4 of Farm 554 Paarl	Pyltjies Early Childhood Development Centre	Early childhood development centre, community centre, ministry service and related social and community activities

### 3.33.2 Service Delivery Levels

Service delivery levels are determined in the Standard Operating Procedures for every key activity or service being rendered by this section. These standards are incorporated as key performance indicators in the Service Delivery and Budget Implementation Plan, thereby ensuring measurement and compliance to the set service standards.

### 3.33.3 Capital Expenditure

The Property Services Section spent R358.9 thousand or 100% of the final adjustments budget on municipal property infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 128: Capital Expenditure 2019/20 - Property Services**

Capital Expenditure 2020/21: Property Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Major Repairs of Corporate Buildings	839,000	268,872	268,871	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!
3	Other Capital Projects	60,299	90,079	90,078	0.0%
4	<b>Total Capital Expenditure</b>	<b>899,299</b>	<b>358,951</b>	<b>358,949</b>	<b>0.0%</b>

### 3.33.4 Major Projects Completed

The Corporate Facilities and Maintenance section is responsible for the maintenance of Corporate Buildings and offices, as well as maintaining the Municipality's leased properties. This maintenance and upgrades are financed through the capital and operational budgets.

Table 129 above reflects the capital projects completed, and table 130 below the maintenance done from the operational budget.

**Table 129: Capital and Maintenance Projects**

Capital and Maintenance Projects		
Serial No.	Project Description	Rand
Column Ref.	A	B
1	De Poort Waterproofing project	52,164
2	Upgrading of existing changing and medical rooms at Dal Josephat stadium	136,428
3	Waterproofing at the Electrical Department building	111,343.41
4	New vinyl sheet flooring and helpdesk at Rhonwe Primary School Library	83,054
5	Installation of septic tank and new water line at Rhonwe Primary School Library	36,450
6	Minor office alterations to office (Library manager) 1 <sup>st</sup> Floor, Market Street	145,666
7	Upgrades at Soup Kitchen – ward 29	21,187
8	Replacement of the Sliding Gate at Pioneer foods Paarl	85,190
9	Gouda sports ground building maintenance	70,673.53
10	Renovation of the Old Building Control offices in Wellington	158,002.18
11	Repairs to the gutters at Mbekweni CCC	29,810
12	Interior paint and minor repairs at Breytenbach Centre Wellington	189,701.60
13	Thatch roof repairs to outbuilding at Paarl Museum	101,715.03
14	Thatch roof repairs at Paarl Tourism Centre	113,850

### 3.33.5 Operating Expenditure

Property services, as a community service, generated an operating deficit of R23.6 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.



**Table 130: Operating Revenue and Expenditure: Property Management Services**

Operating Revenue and Expenditure: Property Management Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	(3,882,680)	(1,786,131)	(1,714,148)	(2,003,023)	16.9%
2	<b>Total Operating Revenue</b>	<b>(3,882,680)</b>	<b>(1,786,131)</b>	<b>(1,714,148)</b>	<b>(2,003,023)</b>	16.9%
3	Employee Related Costs	5,613,974	4,288,672	5,208,673	5,185,531	0.4%
4	Impairment Losses on Financial Assets	0	0	0	0	0.0%
5	Interest Paid	0	0	0	0	0.0%
6	Contracted Services	9,978,623	10,710,124	11,152,153	10,527,574	5.6%
7	Depreciation and Provisions	2,018,766	2,232,630	2,267,771	2,034,509	10.3%
8	Inventory	313,541	462,064	312,312	316,972	-1.5%
9	Operational Costs	7,810,594	8,079,510	7,799,139	7,492,951	3.9%
10	<b>Total Operating Expenditure</b>	<b>25,735,498</b>	<b>25,773,000</b>	<b>26,740,048</b>	<b>25,557,536</b>	4.4%
11	<b>Operating (Surplus) / Deficit</b>	<b>21,852,818</b>	<b>23,986,869</b>	<b>25,025,900</b>	<b>23,554,514</b>	-5.9%

### 3.33.6 Employee Statistics

The Property Services Section was incorporated into the Legal Services.

### 3.34 LEGAL SERVICES

Legal Services within the Municipality supports the Council and Administration with legal advice and support. In addition to general legal support, administering of own legislation, vetting of contracts and litigation management, the Legal Services Section also administers immovable property transactions which are governed in terms of the Asset Transfer Regulations. Property transactions are administered in close co-operation and consultation with technical line departments in order to ensure that these transactions play a key role in the implementation of strategic goals that align with the constitutional duties of local government. The section therefore does not only play a role in protecting the interests of the Municipality in relation to legal matters, but also fulfil a facilitating role in furthering developmental goals such as the promoting of social and economic development through property transactions, in collaboration with other divisions of the Municipality.

The administrative support of the section is currently performed by one permanent staff member.

**Legal compliance supporting ethical conduct and good citizenship:**

- Through the general legal support and advice provided by the Legal Services Section, the section supports ethical conduct by the administration as well as the political arm of the Municipality. Similarly these processes foster good governance in general since it provides the necessary guidance to ensure that policies, processes and procedures as well as applicable legislation are complied with.
- Good citizenship is furthermore also promoted by supporting the law enforcement processes of the Municipality. Consistent and effective law enforcement compels citizens to acknowledge and adhere to legislation and thereby a culture of good citizenship is instilled.

**Municipal Court:**

- The Municipality has embarked on a process to obtain approval for the establishment of a municipal court. During the reporting period the necessary application was submitted to the Department of Justice and the approval thereof is being awaited. In the meantime a suitable venue has also been procured and the necessary structural alterations finalized. Implementation of the municipal court is expected in the next reporting period.

**3.34.1 Service Statistics**

The following statistics reflect activities in the Legal Services Section in respect of litigation matters:

**Table 131: Service Statistics - Legal Services**

Serial No.	Category of litigation matters	Total cases registered		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Eviction Cases	79	51	81
2	Evictions lodged out of municipal property	0	1	1
3	Litigation against Drakenstein	13	11	19
4	Litigation initiated by Drakenstein	0	4	5

**3.34.2 Service Delivery Levels**

The Municipality is using the services of an external service provider to assist the Municipality in administering its own legislation through the development and promulgation of new legislation as well as the review of existing legislation. The Municipal Code encompasses all of the Municipality's own legislation and is constantly updated by the review of existing bylaws as well as the development of new bylaws in areas that require the necessary enforcement and control in order to promote and protect the interests of the community.

External legal service providers who provide a wide spectrum of general legal services such as representation in litigation, legal opinions, contracts and agreements are also used and in this

way it is ensured that the required performance was maintained by duly protecting the interests of the Municipality.

### 3.34.3 Capital Expenditure

The Legal Services Section had no capital projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 132: Capital Expenditure 2020/21 - Legal Services**

Capital Expenditure 2020/21: Legal Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	No Capital Projects	-	-	-	#DIV/0!
2	Extension of Basic Services: Informal Settlements Water	-	-	-	#DIV/0!

### 3.34.4 Major Projects Completed

In view of the nature of the service, being an internal legal support service, no capital projects were undertaken.

### 3.34.5 Operating Expenditure

Legal Services, as a support service, generated an operating deficit of R10.4 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 133: Operating Revenue and Expenditure: Legal Services**

Operating Revenue and Expenditure: Legal Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-	0	0	0	#DIV/0!
2	<b>Total Operating Revenue</b>	-	<b>0</b>	<b>0</b>	<b>0</b>	#DIV/0!
3	Employee Related Costs	1,694,392	9,093,649	8,806,996	6,875,138	21.9%
4	Impairment Losses on Financial Assets	-	0	0	0	#DIV/0!
5	Interest Paid	-	263,648	260,524	260,524	0.0%
6	Contracted Services	21,043	55,000	55,000	44,750	18.6%
7	Depreciation and Provisions	230	510,505	329,300	311,278	5.5%
8	Inventory	3,881	34,000	29,000	20,841	28.1%
9	Operational Costs	255	2,757,500	2,959,752	2,908,555	1.7%
10	<b>Total Operating Expenditure</b>	<b>1,719,801</b>	<b>12,714,302</b>	<b>12,440,572</b>	<b>10,421,086</b>	<b>16.2%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>1,719,801</b>	<b>12,714,302</b>	<b>12,440,572</b>	<b>10,421,086</b>	<b>-16.2%</b>

### 3.34.6 Employee Statistics

The Legal Services Section has 20 posts on the organisational structure approved by Council on 31 May 2018 of which 6 post are frozen and 14 posts funded at year-end. The section had 12 filled posts at year-end and based on the number of vacancies (2) had a 14.3% vacancy rate.

**Table 134: Employees - Legal Services (Legal Services and Property Administration)**

Employees: Legal Services (Legal Services and Property Administration)								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	1	1	0	1	1	0	0.0%
2	T15 - T17	4	6	2	4	3	1	25.0%
3	T12 - T14	0	2	1	1	0	1	100.0%
4	T09 - T11	5	5	0	5	5	0	0.0%
5	T06 - T08	3	6	3	3	3	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	Total	13	20	6	14	12	2	14.3%

### 3.35 RISK MANAGEMENT

The Risk Management Division consists of two main functions, the Integrated Risk Management Section (IRM) as well as the Fraud Risk Management Section (FRM).

The IRM Section is responsible for the risk management function at Drakenstein Municipality through a process of facilitation and providing advice to all stakeholders.

The FRM Section is based on four pillars, Prevention, Detection, Investigation and Feedback with regards to lessons learned.

Combined Assurance was added as a third function to the Risk Management division and development is taking place in collaboration with the Western Cape Provincial Government. Roll-out will take place throughout the 2020/2021 financial year.

#### 3.35.1 Service Statistics

A Fraud and Risk Management Committee (FARMCO) meeting, providing an oversight over the division's function, is scheduled for each quarter of the financial year and took place as scheduled.

A total of 26 Risk Champions were nominated from current employment during the 2017/18 financial year and formally appointed. Training was provided by a representative of the Governance Department of Provincial Government and follow up training provided by the IRM Section.

One Annual Risk Identification and Assessment Workshop was performed for each of the five directorates and four divisions reporting to the City Manager, to compile a register where 98 tactical risks were identified. Quarterly risk assessment updates were performed with the above directorates and divisions.

A total of eleven strategic risks were initially identified during the 2020/21 financial year. The Strategic Risk Register was revised towards the end of the 2020/21 financial year and an twelfth risk, *Community unrest due to political instability*, was added.

### 3.35.2 Service Delivery Levels

All of the Division's service levels were fully complied with.

### 3.35.3 Capital Expenditure

The Risk Management Services Section spent R1,416 or 100% of the final adjustments budget on municipal property infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

**Table 135: Capital Expenditure 2020/21 - Risk Management Services**

Capital Expenditure 2020/21: Risk Management Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Furniture and Office Equipment	-	1,416	1,416	0.0%
2	Extension of Basic Services: Informal Settlements Water	-	1,416	1,416	0.0%

### 3.35.4 Major Projects Completed

Risk management received a R80,000.00 grant from Provincial Treasury to develop and perform a Control Self-Assessment exercise.

### 3.35.5 Operating Expenditure

Risk management services, as a support service, generated an operating deficit of R2.1 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 136: Operating Revenue and Expenditure: Risk Management Services**

Operating Revenue and Expenditure: Risk Management Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-	-	-	-	#DIV/0!
2	<b>Total Operating Revenue</b>	-	-	-	-	#DIV/0!
3	Employee Related Costs	1,608,047	2,254,900	1,883,562	1,858,941	1.3%
4	Impairment Losses on Financial Assets	-	-	-	-	#DIV/0!
5	Interest Paid	-	-	-	-	#DIV/0!
6	Contracted Services	124,400	53,000	269,000	226,620	15.8%
7	Depreciation and Provisions	4,438	-	4,960	7,681	-54.9%
8	Inventory	8,313	11,500	11,500	9,925	13.7%
9	Operational Costs	24,614	57,127	25,327	6,595	74.0%
10	<b>Total Operating Expenditure</b>	<b>1,769,812</b>	<b>2,376,527</b>	<b>2,194,349</b>	<b>2,109,762</b>	<b>3.9%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>1,769,812</b>	<b>2,376,527</b>	<b>2,194,349</b>	<b>2,109,762</b>	<b>-3.9%</b>

### 3.35.6 Employee Statistics

The Risk Management Division has 6 posts on the organisational structure approved by Council on 31 May 2018 of which 2 post are frozen and 4 posts funded at year-end. The section had 3 filled posts at year-end and based on the number of vacancies (1) had a 25% vacancy rate.

**Table 137: Employees - Risk Management**

Employees: Risk Management								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	1	2	0	2	1	1	50.0%
4	T09 - T11	1	3	2	1	1	0	0.0%
5	T06 - T08	0	0	0	0	0	0	0.0%
6	T03 - T05	0	0	0	0	0	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>25.0%</b>

### 3.36 PROCUREMENT SERVICES

The Supply Chain Management Division resorts under the direct supervision of the Chief Financial Officer.

#### 3.36.1 Service Statistics

For the 2020/21 financial year, a total of 11,249 purchase orders were generated that amounted to R502,996,302. The total value of deviations from the official procurement process decreased with 20.61% from the previous financial year from R12,962,430 to R10,290,450. Deviations that were regarded as being impractical or impossible to follow the official procurement process (included in the totals above) decreased with 83,29% from the previous financial year from R795,695 to R132,945.

#### 3.36.2 Service Delivery Levels

Service delivery levels are determined in the Standard Operating Procedures for every service rendered by this division. A number of standard operating procedures were drafted, approved and rolled out to departments for implementation. This improved efficiencies and reporting requirements.

#### 3.36.3 Capital Expenditure

The Supply Chain Management Division spent R511.9 thousand or 77.9% of the final adjustments budget on supply chain management infrastructure projects for the year under review. The main capital projects are listed in the table below with its budgeted and actual expenditure information.

Table 138: Capital Expenditure 2020/21 - Procurement Services

Capital Expenditure 2020/21: Procurement Services					
Serial No.	Capital Project Description	Original Approved Budget	Final Adjustments Budget	Actual Expenditure	% Variance Column C & D
Column Ref.	A	B	C	D	E
1	Building Stores	-	657,002	511,949	22.1%
2	Extension of Basic Services: Informal Settlements Water	2,082,860	-	-	#DIV/0!
3	Total Capital Expenditure	2,082,860	657,002	511,949	22.1%

#### 3.36.4 Major Projects Completed

The project relating to the New Stores Building is ongoing and will be constructed as and when funding becomes available.

### 3.36.5 Operating Expenditure

Procurement services generated an operating deficit of R17.4 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 139: Operating Revenue and Expenditure: Procurement Services**

Operating Revenue and Expenditure: Procurement Services						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-128,120	(87,670)	(1,437,670)	(512,336)	0.0%
2	<b>Total Operating Revenue</b>	<b>-128,120</b>	<b>(87,670)</b>	<b>(1,437,670)</b>	<b>(512,336)</b>	<b>0.0%</b>
3	Employee Related Costs	16,126,943	16,480,150	15,038,499	15,206,398	-1.1%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	434,841	560,454	560,454	233,235	58.4%
6	Contracted Services	50,999	21,500	1,016,891	57,104	94.4%
7	Depreciation and Provisions	2,119,962	224,573	2,369,279	2,235,786	5.6%
8	Inventory	216,453	155,000	149,805	140,317	6.3%
9	Operational Costs	141,479	22,500	23,304	21,824	6.4%
10	<b>Total Operating Expenditure</b>	<b>19,090,677</b>	<b>17,464,177</b>	<b>19,158,232</b>	<b>17,894,663</b>	<b>6.6%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>18,962,557</b>	<b>17,376,507</b>	<b>17,720,562</b>	<b>17,382,327</b>	<b>-1.9%</b>

### 3.36.6 Employee Statistics

The Procurement Division has 63 posts on the organisational structure approved by Council on 31 May 2018 of which 15 post are frozen and 48 posts funded at year-end. The section had 43 filled posts at year-end and based on the number of vacancies (5) had a 10.4% vacancy rate.

**Table 140: Employees - Procurement Services**

Employees: Procurement Services								
Serial No.	Job Level	2019/20	2020/2021					
		Number of Employees	Number of Posts	Number of Frozen Posts (Unfunded)	Number of Approved Funded Posts	Number of Employees	Number of Vacancies	Vacancy Rate
Column Ref.	A	B	C	D	E	F	G	H
1	T18 - T20	0	0	0	0	0	0	0.0%
2	T15 - T17	1	1	0	1	1	0	0.0%
3	T12 - T14	3	6	2	4	3	1	25.0%
4	T09 - T11	10	19	6	13	10	3	23.1%
5	T06 - T08	24	30	5	25	24	1	4.0%
6	T03 - T05	5	7	2	5	5	0	0.0%
7	T01 - T02	0	0	0	0	0	0	0.0%
8	<b>Total</b>	<b>43</b>	<b>63</b>	<b>15</b>	<b>48</b>	<b>43</b>	<b>5</b>	<b>10.4%</b>



### 3.37 FLEET

The Fleet and Workshop Division resorts under the Engineering Services Department.

#### 3.37.1 Operating Expenditure

Fleet services generated an operating deficit of R70.2 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 141: Operating Revenue and Expenditure: Fleet Management**

Operating Revenue and Expenditure: Fleet Management						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-26,096	-20,610	-20,610	-946	-95.4%
2	<b>Total Operating Revenue</b>	<b>-26,096</b>	<b>-20,610</b>	<b>-20,610</b>	<b>-946</b>	<b>-95.4%</b>
3	Employee Related Costs	6,931,600	9,323,618	6,678,349	6,820,401	-2.1%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	12,629,456	18,926,061	18,701,786	18,701,785	0.0%
6	Contracted Services	16,197,323	8,564,466	15,821,401	15,935,581	-0.7%
7	Depreciation and Provisions	5,625,975	22,739,357	6,297,531	5,942,667	5.6%
8	Inventory	17,379,743	14,254,629	20,980,511	20,666,190	1.5%
9	Operational Costs and Losses	2,641,060	2,986,451	2,305,319	2,093,862	9.2%
10	<b>Total Operating Expenditure</b>	<b>61,405,158</b>	<b>76,794,582</b>	<b>70,784,897</b>	<b>70,160,487</b>	<b>0.9%</b>
11	<b>Operating (Surplus) / Deficit</b>	<b>61,379,063</b>	<b>76,773,972</b>	<b>70,764,287</b>	<b>70,159,541</b>	<b>-0.9%</b>

### 3.38 OTHER ADMINISTRATIVE SECTIONS

Other Administrative sections comprise all other sections providing support to various Directorates across the Municipality.

#### 3.38.1 Operating Expenditure

Other Administrative Sections generated an operating deficit of R48.1 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 142: Operating Revenue and Expenditure: Other Administrative Sections**

Operating Revenue and Expenditure: Other Administrative sections						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-30,720,612	-5,027,349	-4,455,327	-5,283,348	18.6%
2	<b>Total Operating Revenue</b>	<b>-30,720,612</b>	<b>-5,027,349</b>	<b>-4,455,327</b>	<b>-5,283,348</b>	18.6%
3	Employee Related Costs	40,572,147	40,019,555	44,362,090	44,503,663	-0.3%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	7,614,724	3,546,984	2,353,442	2,105,977	10.5%
7	Depreciation and Provisions	1,894,923	3,530,042	2,118,488	1,610,917	24.0%
8	Inventory	1,134,749	3,410,275	981,843	846,010	13.8%
9	Operational Costs and Losses	3,040,852	4,590,964	4,960,869	4,293,785	13.4%
10	<b>Total Operating Expenditure</b>	<b>54,257,395</b>	<b>55,097,820</b>	<b>54,776,732</b>	<b>53,360,353</b>	2.6%
11	<b>Operating (Surplus) / Deficit</b>	<b>23,536,783</b>	<b>50,070,471</b>	<b>50,321,405</b>	<b>48,077,005</b>	-4.5%

### 3.39.1 Operating Expenditure

Internal Audit generated an operating deficit of R8.7 million for the 2020/21 financial year. The deficit is subsidised with the surpluses made by trading services.

**Table 143: Operating Revenue and Expenditure: Internal Audit**

Operating Revenue and Expenditure: Internal Audit						
Serial No.	Description	2019/20 Actual Results	2020/21			
			Original Approved Budget	Final Adjustments Budget	Actual Results	Positive / (Negative) % Variance Between Column D & E
Column Ref.	A	B	C	D	E	F
1	Operating Revenue	-	-	-	-	0.0%
2	<b>Total Operating Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	0.0%
3	Employee Related Costs	7,319,060	7,175,814	8,074,048	8,129,538	-0.7%
4	Impairment Losses on Financial Assets	-	-	-	-	0.0%
5	Interest Paid	-	-	-	-	0.0%
6	Contracted Services	331,887	336,731	597,031	493,280	17.4%
7	Depreciation and Provisions	20,832	57,581	23,281	21,970	5.6%
8	Inventory	33,712	59,900	61,400	53,151	13.4%
9	Operational Costs and Losses	14,630	80,500	45,000	25,685	42.9%
10	<b>Total Operating Expenditure</b>	<b>7,720,121</b>	<b>7,710,526</b>	<b>8,800,760</b>	<b>8,723,623</b>	0.9%
11	<b>Operating (Surplus) / Deficit</b>	<b>7,720,121</b>	<b>7,710,526</b>	<b>8,800,760</b>	<b>8,723,623</b>	-0.9%

## 4. ORGANISATIONAL DEVELOPMENT PERFORMANCE

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

#### 4.1 INTRODUCTION

One major role that the Human Resources is tasked with is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programmes are implemented annually but unfortunately due to COVID-19 they could not be implemented:

- Women's Day;
- Long Service Ceremony;
- Employee Excellence Awards;
- Christmas decorations; and
- Mandela Day.

Only the two mentioned programmes could be implemented in 2020/21:

- Internal and External Bursaries; and
- Employee Assistance Program.

The Employee Assistance Program provides access to professional counselling services for its employees and those in need of professional assistance are encouraged to use the program. The EA programme also implements Trauma Debriefing for employees exposed to traumatic incidents whilst on duty and offers an Addiction Support Group to all employees that have completed their rehabilitation programme.

#### 4.2 TOTAL EMPLOYMENT

The total number of employees at the end of June is 1,778 and we have filled positions in the financial year 2020/21.

##### 4.2.1 Employee Totals per GFS Classification

The total number of employees (1,778) at the end of the 2020/21 financial year is depicted per GFS classification or functional area in the table below. The organisational structure approved by Council on 31 May 2018 provides for 3,652 posts taking Drakenstein's future growth into consideration. The number of frozen posts is 1,685 and the number of approved budgeted posts is 1,973 (1968 approved and 5 intern posts). From the approved budgeted posts, 1,778 posts are filled and 195 post are vacant with a vacancy rate of 9.9% as at the end of the 2020/21 financial year.

**Table 144: Total Employees per GFS Classification**

Serial No.	Description of Departments/Divisions	Total Employees per GFS Classification						
		2019/20	2020/2021					
Column Ref.	A	B	C	D	E	F	G	H
1	Water Services	82	183	92	91	78	13	14.3%
2	Wastewater (Sanitation) Services	121	194	63	131	118	13	9.9%
3	Electricity Services	140	242	86	156	132	24	15.4%
4	Waste Management	138	341	192	149	127	22	14.8%
5	Housing (Human Settlements and Rental Stock (Rural Development Excluded)	78	141	64	77	70	7	9.1%
6	Roads and Stormwater	168	262	89	173	158	15	8.7%
7	Planning Services	49	82	31	51	47	4	7.8%
8	Economic Growth	8	13	6	7	7	0	0.0%
9	Library Services	77	130	53	77	72	5	6.5%
10	Cemeteries and Crematoria	41	44	17	29	24	5	17.2%
11	Community Halls, Facilities & Thusong Centres	62	82	17	65	62	3	4.6%
12	Child Care, Aged Care & Social Programmes	7	8	1	7	7	0	0.0%
13	Environmental Management	6	17	9	8	5	3	37.5%
14	Biodiversity and Landscaping (Parks)	175	340	167	173	153	20	11.6%
15	Traffic, Licensing and Law Enforcement	113	320	201	119	111	8	6.7%
16	Fire and Disaster Management	81	176	93	83	81	2	2.4%
17	Sport and Recreation	63	204	131	73	69	4	5.5%
18	Executive and Council Support	11	11	0	11	11	0	0.0%
19	Financial Services	138	215	65	150	134	16	10.7%
20	Human Resources	35	66	31	35	35	0	0.0%
21	ICT Services	11	15	4	11	11	0	0.0%
22	Property Services	0	0	0	0	0	0	N/A
23	Legal and Administrative Services (Legal Services and Property Administration)	13	20	6	14	12	2	14.3%
24	Risk Management	3	6	2	4	3	1	25.0%
25	Procurement Services	43	63	15	48	43	5	10.4%
26	Other	217	477	250	226	203	23	10.2%
27	<b>Total</b>	<b>1,880</b>	<b>3,652</b>	<b>1,685</b>	<b>1,968</b>	<b>1,773</b>	<b>195</b>	<b>9.9%</b>
28	Finance Interns					5		
29	<b>Total</b>	<b>1,880</b>	<b>3,652</b>	<b>1,685</b>	<b>1,968</b>	<b>1,778</b>	<b>195</b>	<b>9.9%</b>

#### 4.2.2 Employee Vacancy Rate per Occupational Level

The Municipality filled a significant number of priority vacancies across all departments in the 2018/19 and 2019/20 financial year. The vacancy rate for funded positions is 12.0% for the financial year reflected below.

**Table 145: Employee Vacancy Rate per Occupational Level**

Vacancy Rate per Occupational Level 2020/2021									
Serial No.	Designation	Total number of approved posts	Vacancies (approved posts)	Vacancy rate (approved posts)	Number of Frozen posts (unfunded)	Number of Approved Budgeted Posts	Number of Employees (Filled Vacancies)	Number Budgeted Vacancies (Unfilled Vacancies)	Vacancy rate (budgeted posts)
Column Ref.	A	B	C	D	E	F	G	H	I
1	City Manager	1	0	0%	0	1	1	0	0%
2	CFO	1	0	0%	0	1	1	0	0%
3	Section 57 Managers	4	0	0%	0	4	3	1	25%
4	Senior Management: Levels 16 - 18	76	23	30%	18	58	53	5	9%
5	Senior Management: Levels 13 - 15	122	48	39%	38	84	74	10	12%
6	Highly skilled supervision: Levels 9 - 11	777	481	62%	436	341	296	45	13%
7	<b>Total</b>	<b>981</b>	<b>552</b>	<b>56%</b>	<b>492</b>	<b>489</b>	<b>428</b>	<b>61</b>	<b>12%</b>

### 4.2.3 Employee Turnover rate

Based on the number of employees of 1,778 at year-end and the terminations of 81 for the year under review, the turnover rate is 4.6%

**Table 146: Turnover Rate**

Turnover Rate				
Serial No.	Year	Number of Employees at year-end	Number of Terminations during the year	Turnover Rate*
Column Ref.	A	B	C	D
1	2018/19	1,870	57	3.05%
2	2019/20	1,858	95	5.11%
3	2020/21	1,778	81	4.6%

## 4.3 EMPLOYMENT EQUITY

The Employment Equity status of the Municipality is submitted on monthly basis to the Local Labour Forum, where both unions SAMWU and IMATU are present. The employer component is also represented at that forum. An Employment Equity Report is submitted to the Department of Labour on an annual basis. The Municipality also has an Employment Equity Forum that serves as a Labour Relations Forum subcommittee. This committee/forum meets on a quarterly basis.

### 4.3.1 Employment Equity Targets/Actuals by Race Classification

Based on the number of current employees in service (Column C) and the target set for all races, the Municipality has not reached targets for Africans, Coloureds and Whites. The for reason targets not reached for white people in terms of the number reflected below is that very few white people apply for general worker positions. Although there is a significantly low number of Indians in our region, the Municipality does appoint them, and the target for Indians are exceeded.

Recruitment and Selection could not fully take place as a result of Covid-19. Although the target was set for 5 years, a budget to fill such positions will be considered after the post abolishment process that we're currently busy with. The targets will be revisited in 2022. For the purpose of this report, the targets per gender classification in table 145 will be based on the confirmed budgeted posts.

**Table 147: Employment Equity Targets/Actuals by Race Classification**

Employment Equity Targets/Actuals by Race Classification				
Serial No.	2020/21			
	Race Classification	Overall Target (as per 5 year EE Plan)	Actuals at Year-End	Target Achieved (B/A*100)
Column Ref.	A	B	C	D
1	African	759	475	62.6%
2	Coloured	1,417	1,165	82.2%
3	Indian	4	8	200.0%
4	Whites	517	125	24.17%
5	<b>Total</b>	<b>2,697</b>	<b>1,773</b>	<b>65.7%</b>

#### 4.3.2 Employment Equity Targets/Actuals by Gender Classification

**Table 148: Employment Equity Targets/Actuals by Gender Classification**

Employment Equity Targets/Actuals by Gender Classification				
Serial No.	2020/21			
	Gender Classification	Overall Target (as per 5 year EE Plan)	Actuals at Year-End	Target Achieved (B/A*100)
Column Ref.	A	B	C	D
1	Male	1,151	1,151	64.2%
2	Female	623	622	36,0%
3	<b>Total</b>	<b>1,774</b>	<b>1,773</b>	<b>99,9%</b>

#### 4.3.3 Employment Equity by Race and Gender within Occupational Levels

The overall number of employees by race and gender within the occupational levels at year-end are depicted in the table below.

**Table 149: Number employees by Race and Gender within the Occupational Levels**

Number of Employees by Race and Gender within the Occupational Levels											
Occupational Level Description	Male					Female					Grand Totals
	A	C	I	W	Total	A	C	I	W	Total	
Top Management	0	3	0	2	5	0	0	0	0	0	5
Senior Management	4	10	0	14	28	7	8	0	3	18	46
Professionally qualified and experienced specialists and mid-management.	7	42	1	15	65	4	14	1	8	27	92
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	22	117	2	31	172	19	41	0	14	74	246
Semi-skilled and discretionary decision making	101	341	1	14	457	73	222	1	13	309	766
Unskilled and defined decision making	156	258	2	8	424	83	108	0	3	194	618
<b>Total Employees</b>	<b>290</b>	<b>771</b>	<b>6</b>	<b>84</b>	<b>1,151</b>	<b>186</b>	<b>393</b>	<b>2</b>	<b>41</b>	<b>622</b>	<b>1,773</b>

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### 4.4 INTRODUCTION

The Municipality has made progress with the grading of job descriptions; there is only one outstanding job description that still need to finalised, we are awaiting its final outcome. Vacant graded positions are advertised, filled and staff is inducted on a monthly basis when the recruitment process has been completed. Induction is done both organisationally and departmentally. Our staff is also encouraged to make use of bursaries, skills programmes and artisan training to ensure that they are properly skilled.

#### 4.4.1 Policies

There is a drive to review/write new or additional HR policies. The policies listed in the table below were developed and reviewed. The list includes policies that were developed and reviewed in 2020/21. The total number of policies that HR are responsible for is twenty-three (23) and twelve (12) of these policies are due for review in the next financial year. Two new policies have been written in this financial year and are going through the consultation phase with unions

**Table 150: HR Policies and Plans**

HR Policies and Plans			
Serial No.	Name of Policy	Reviewed/New	Date adopted by Council or comment on failure to adopt
Column Ref.	A	B	C
1	Acting Additional and Secondment Allowance Policy	To be reviewed	27 June 2018
2	Appointment of Temporary Staff Policy	To be reviewed	20 September 2013
3	Dress Code Policy	New	30 January 2019
4	Education Training and Development Policy	To be reviewed	27 June 2018
5	External Bursary Policy	To be reviewed	27 June 2018
6	HIV AIDS Policy	New	31 July 2019
7	Job Evaluation Policy	To be reviewed	24 August 2017
8	Leave Policy	To be reviewed	27 June 2018
9	Motor Vehicle Scheme Policy	To be reviewed	12 December 2014
10	Occupational Health and Safety Policy	To be reviewed	31 July 2018
11	Overtime Policy	To be reviewed	27 June 2018
12	Personal Protective Equipment and Clothing Policy	New	31 July 2019
13	Placement Policy	To be reviewed	13 December 2020
14	Private Work Policy	Reviewed	27 June 2018
15	Probation Policy	New	24 June 2019
16	Recruitment and Selection Policy	To be reviewed	29 November 2017
17	Sexual Harassment Policy	New	30 January 2019
18	Smoking Policy	To be reviewed	27 July 2017

HR Policies and Plans			
Serial No.	Name of Policy	Reviewed/New	Date adopted by Council or comment on failure to adopt
Column Ref.	A	B	C
19	Standby Policy	New	31 May 2019
20	Substance Abuse Policy	Reviewed	31 January 2018
21	Talent Management and Succession Planning Policy	To be reviewed	26 June 2018
22	Remuneration Policy	New	Draft phase
23	Relocation Policy	New	Draft phase

#### 4.4.2 Sick Leave

The next two tables depict the sick leave information per department and occupational levels.

##### 4.4.2.1 Sick Leave per Department/Division

The following sick leave per Department/Division was taken in the 2020/21 financial year as depicted in the table below. The Department of Engineering Services (41.87%) and Community Services (34.77%) were the main contributors to sick leave as a percentage of total sick leave days taken.

Table 151: Sick Leave per Department/Division

Sick Leave per Department/Division					
		2019/20		2020/21	
Serial No.	Department/Division	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken
Column Ref.	A	B	C	D	E
1	Office of the City Manager	10	0.063%	27	0.13%
2	Risk Management Division	17	0.107%	15	0.07%
3	Communication and Marketing Division	9	0.057%	22	0.11%
4	Internal Audit Division	32	0.203%	115	0.58%
5	Integrated Development Planning and Performance Management Division	70	0.44%	30	0.15%
6	Department of Planning and Development Services	561	3.56%	759	3.84%
7	Department of Financial Services	1,806	11.46%	2,323	11.75%
8	Department of Engineering Services	6,782	43.07%	8,274	41.87
9	Department of Corporate Services	784	4.97%	1,319	6.22%
10	Department of Community Services	5,675	36.04%	6,872	34.77%
11	<b>Total</b>	<b>15,746</b>	<b>100.00%</b>	<b>19,756</b>	<b>100%</b>



#### 4.4.2.2 Sick Leave per Occupational Level

From the table below it is clear that the semi-skilled occupational level (51.96%) and unskilled occupational level (26.43%) were the main contributors to sick leave as a percentage of total sick leave days taken.

**Table 152: Sick Leave per Occupational Level**

Sick Leave per Occupational Level					
		2019/2020		2020/21	
Serial No	Occupational Level	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken	Number of Sick Leave Days Taken	Percentage of Total Sick Leave Days Taken
Column Ref.	A	B	C	D	E
1	Top Management	3	0.02%	5	0.12%
2	Senior Management	281.5	1.79%	555	2.80%
3	Professionally qualified	928,39	5.90%	1,256	6.35%
4	Skilled technical	1,966,52	12.49%	2,451	12.40%
5	Semi-skilled	8,389,92	53.28%	10,267	51.86%
6	Unskilled	4,176,88	26.53%	5,222	26.43%
7	<b>Total</b>	<b>15,746,21</b>	<b>100.00%</b>	<b>19,756</b>	<b>100%</b>

#### 4.4.3 Injuries

The number of injury leave days taken during the year under review amounts to 614 working days and the 150 employees involved represents 6.45% of the total employees (2,322) in employment as at 30 June 2021.

**Table 153: Number of injuries on duty**

Serial No.	Type of Injury	Number of Injury Leave Days Taken	Number of Employees Taking Injury Leave	Average Injury Leave Days/ Employee	*Percentage of total employees using injury leave
Column Ref.	A	B	C	D	E
1	Required basic medical attention only	209	90	2.32	3.87%
2	Temporary total disablement	302	55	5.49	2.37%
3	Permanent disablement	103	5	20.60	0.21%
4	<b>Total</b>	<b>614</b>	<b>150</b>	<b>4.09</b>	<b>6.45%</b>
5	<i>*Based on total of 2,322 employees comprising of 1,778 plus 544 EPWP employees as at 30 June 2021.</i>				

#### 4.4.3.1 Injuries per Department

Table 154: Injuries per Department

Serial No.	Department	No. of injuries		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Engineering Services	63	60	91
2	Community Services	70	38	64
3	Planning and Development	1	1	1
4	Financial Services	10	6	9
5	Corporate Services	2	5	9
6	Office of the City Manager	0	1	0
7	<b>Total</b>	<b>146</b>	<b>111</b>	<b>174</b>

#### 4.4.3.2 Injuries per Occupational Level

Table 155: Injuries per Occupational Level

Serial No.	Occupational Level	No. of injuries		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Unskilled	55	41	79
2	Semi-skilled	68	54	76
3	Skilled	20	13	14
4	Professional	2	3	2
5	Senior Management	1	0	3
6	<b>Total</b>	<b>146</b>	<b>111</b>	<b>174</b>

#### 4.4.3.3 Cost of Injuries

The total cost due to injuries amounts to **R379,517.36** for the year under review.

#### 4.4.3.4 Cost of Injuries per Department

The cost of injury leave is depicted per Department in the table below. The two Departments with the most employees, Engineering Services and Community Services, have the highest cost of injuries.

**Table 156: Cost of Injuries per Department**

Serial No.	Department	Cost of Injuries (R)		
		2018/19	2019/20	2020/21
Column Ref.	A	B	C	D
1	Engineering Services	R347,975.31	R251,968.40	R187,082.15
2	Community Services	R128,522.68	R117,129.50	R168,266.77
3	Planning and Development	R1,164.68	-	R452.00
4	Financial Services	R15,222.89	R9,480.70	R13,873.65
5	Corporate Services	R2,344.76	R19,683.16	R9,842.79
6	Office of the City Manager	-	R2,756.00	-
7	<b>Total</b>	<b>R495,230.32</b>	<b>R401,017.76</b>	<b>R379,517.36</b>

#### 4.4.4 Suspensions

During the 2020/21 financial year a total of four (4) disciplinary hearings were completed of employees who were placed on precautionary suspension pending disciplinary investigations for their alleged involvement in cases of serious misconduct.

The hearings of two (2) employees who were also placed on precautionary suspension did not materialise since one of them resigned before the start of the hearing and the other one passed away before the start of the hearing.

Due to the COVID-19 pandemic one (1) suspended employee's disciplinary hearing could not be finalised yet and thus went over into the 2021/22 financial year.

##### 4.4.4.1 *Suspensions per Department*

The four (4) employees placed on precautionary suspension during 2020/21 comprise of three (3) employees from the Engineering Services Department and one (1) employee from the Community Services Department.

##### 4.4.4.2 *Suspensions per Occupational Level*

Out of the four (4) 2020/21 suspended employees two (2) were semi-skilled and two (2) unskilled employees.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### 4.5 INTRODUCTION

In line with the National Skills Strategy, Drakenstein Municipality continuously pursue investing towards a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.

During the 2020/21 financial year, the Municipality directed funds towards employee capacity building.

This was envisaged through the below programmes implemented during this financial year. It is unfortunate that implementation of some learning programmes was delayed due to the existing COVID 19 pandemic.

#### 4.5.1 Skills Matrix

During the financial year 2020/21, 530 employees were trained in various interventions from 1 July 2020 until 30 June 2021.

The table below indicates the number of employees at professional and management levels that received training in the year under review.

**Table 157: Skills Matrix**

Skills Matrix								
Serial No.	Management Level	Gender	Number of skilled employees required and actual as at 30 June 2021					
			Learnerships		Skills programmes and other short courses		Total	
			Actual 2020	Target	Actual 2020	Target	Actual 2020	Target
Column Ref.	A	B	C	D	E	F	G	H
1	CM and S57	Female	0	0	0	0	0	0
2		Male	0	0	0	0	0	0
3	Councillors, Senior Officials and Managers	Female	0	0	16	16	16	16
4		Male	0	0	9	9	9	9
5	Technicians and Associate Professionals	Female	9	9	11	11	20	20
6		Male	12	12	25	25	37	37
7	Professionals	Female	2	2	6	6	8	8
8		Male	3	3	7	7	10	10
9	Sub-Totals	Female	11	11	33	33	44	44
10		Male	15	15	41	41	56	56
11	Total		26	26	74	74	100	100

## 4.5.2 Skills Development – Training Provided

The table below indicates the skills areas and learning programmes the employees undertook in the year under review.

**Table 158: Skills Development - Training Provided**

Serial No.	Sector Priority	Skills Areas	Learning Programmes
Column Ref.	A	B	C
1	Infrastructure and service delivery	<ul style="list-style-type: none"> <li>Infrastructure Asset and Maintenance</li> <li>Labour Intensive Construction</li> <li>Electricity Reticulation</li> <li>Water Services</li> <li>Roads</li> </ul>	<ul style="list-style-type: none"> <li>First Aid L3</li> <li>Truck Mounted Crane Full Course</li> <li>Confined Space Entry</li> <li>Chainsaw Operator</li> <li>Front End and Backhoe Loader</li> <li>Turf Grass Management</li> <li>Forklift Full Course</li> <li>High Angle Rescue</li> <li>Occupational Health and Safety Representative</li> <li>AllyCad Designer Training</li> <li>Chlorine Gas Training</li> <li>Fire Extinguisher Training</li> <li>Handling and Storage of Chlorine</li> <li>Truck Mounted Crane Refresher</li> <li>Cherry Picker Refresher</li> <li>FETC: Water and Wastewater Treatment Process Control Supervision NQF4</li> <li>NC: Water and Wastewater Treatment Process Operations NQF2</li> <li>NC: Water and Wastewater Process Control NQF3</li> <li>Fire Extinguisher Training</li> <li>Overhead Crane Full Course</li> <li>High Tension Medium Voltage Cable Switching Refresher Course</li> <li>Firearm Refresher Training.</li> </ul>
2	Financial Viability	<ul style="list-style-type: none"> <li>Property Valuation;</li> <li>Audit and Procurement;</li> <li>Municipal Finance; and</li> <li>Accounting Technicians.</li> </ul>	<ul style="list-style-type: none"> <li>Municipal Finance and Administration</li> <li>Local Government Accounting Certificate NQF3</li> <li>Local Government Advance Accounting Certificate NQF4</li> <li>Chartered Certified Accountant Candidacy Programme</li> <li>Fraud and Fraud Risk Indicators</li> </ul>

Serial No.	Sector Priority	Skills Areas	Learning Programmes
3	Community Based Participation and Planning	<ul style="list-style-type: none"> <li>IDP;</li> <li>LED;</li> <li>Ward Committees; and</li> <li>Urban Planning.</li> </ul>	<ul style="list-style-type: none"> <li>MS Office (Word/Excel/PowerPoint) Basic- Advance</li> <li>Performance Management Systems- Managerial Stream</li> <li>Project Management Professionals</li> <li>Bursaries (Internal &amp; LGSETA)</li> <li>Internships / Graduate Placements</li> </ul>
4	Management and Leadership	<ul style="list-style-type: none"> <li>Municipal Leadership Development</li> </ul>	<ul style="list-style-type: none"> <li>Municipal Junior Management Development Programme</li> <li>1 day Seasonal School for Cllrs</li> <li>NC Local Government Councillor Development Programme</li> </ul>
5	AET and Foundational Learning	<ul style="list-style-type: none"> <li>AET</li> </ul>	<ul style="list-style-type: none"> <li>AET</li> <li>Driver Training Code 8, 10 &amp; 11</li> </ul>
6	Workplace Committee Training	<ul style="list-style-type: none"> <li>LLF Training;</li> <li>ODETDP; and</li> <li>OHS.</li> </ul>	<ul style="list-style-type: none"> <li>Employment Equity Workshop</li> </ul>

#### 4.5.3 Skills Development – Budget Allocation

The table below indicates that a total amount of R1 100,000 was allocated to the workplace skills plan interventions. An amount of R781 525 was spent equating to 71% of budgeted expenditure. An additional amount of R353 653 from Local Government Mandatory Grants was utilised during the financial, increasing expenditure to a total amount of R1 135 178.

**Table 159: Skills Development - Budget Allocation**

Serial No.	Financial Year	Allocated Budget	Actual Expenditure	% Expenditure
Column Ref.	A	B	C	D
1	2018/2019	R1, 661,705	R1,626,559	97,88%
2	2019/2020	R925,000	R412,233	44.57%
3	2020/2021	R110,000,00	R781,525	71%

	Vote Numbers	Allocated Budget	Actual Expenditure	Balance
Training Vote	322522704001GMRCZZWM	R110,000,00	R781,525	R381,525
External Bursaries	353025489001GMRCZZWM	R305,000	R276,833	R28,166
Rural Bursaries	457825489001GMRCZZWM	R400,000	R101,775	R292,225
Internal Bursaries	301023004901GMRCZZWM	R242,162	R232,163	R9,999

#### 4.5.4 MFMA Minimum Competencies

Twenty-five (25) municipal officials must achieve the prescribed competencies. Eighteen (18) officials comply with the regulations, one scheduled for training and six posts are vacant.

**Table 160: Financial Competency Development - Progress Report**

Financial Competency Development : Progress Report							
Serial No.	Description	B- Total number of officials employed by municipality [Regulation 14(4)(a) and (c)]	C- Total number officials employed by municipal entities [Regulation 14(4)(a) and (c)]	Consolidated Total of B and C	Consolidated: Competency assessments completed for B and C [Regulation 14(4)(b) and (d)]	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 [Regulation 14(4)(f)]	Consolidated: Total number of officials that meet prescribed competency levels [Regulation 14(4)(e)]
Column No.	A	B	C	D	E	F	G
1	Financial Officials						
2	Accounting Officer	1	0	1	1	1	1
3	Chief Financial Officer	1	0	1	1	1	1
4	Senior Managers	4	0	4	4	4	4
5	Any other Financial Officials	77	0	77	77	77	57
6	Supply Chain Management Officials						
7	Heads of Supply Chain Management Units	1	0	1	1	1	1
8	Supply Chain Management Senior Managers	3	0	3	3	3	3
9	<b>Total</b>	<b>87</b>	<b>0</b>	<b>87</b>	<b>87</b>	<b>87</b>	<b>67</b>

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

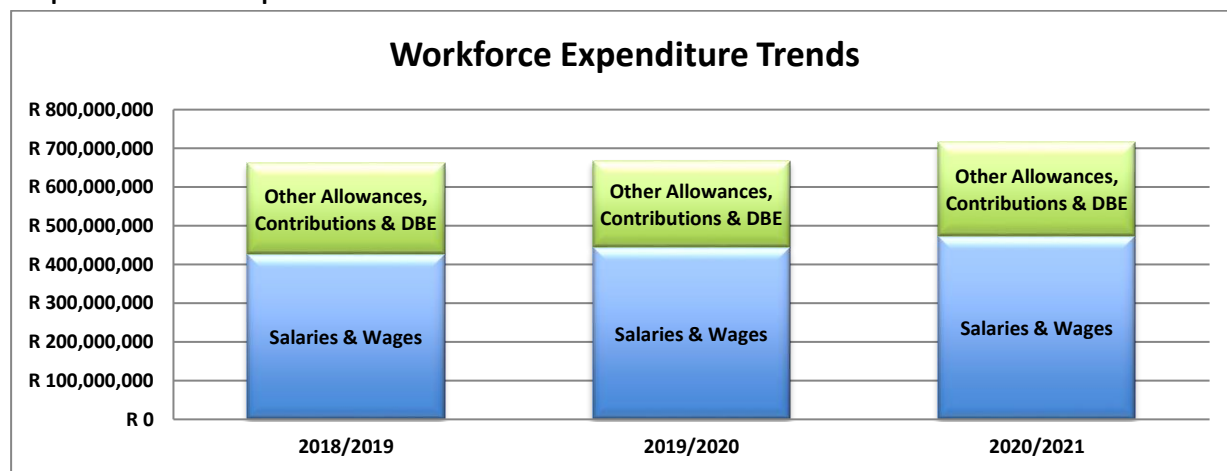
### 4.6 INTRODUCTION

Municipalities are required to carry out quality services in an effective, efficient and financially sound manner by supporting the principles of ensuring cost-effective and affordable service delivery. Accountability and transparency are, therefore, important when managing workforce expenditure. To be effective, it is important to ensure that the Municipality plans properly. To ensure that the Municipality adheres to legislation, only approved and budgeted posts on the structure are advertised. All positions are advertised on the Municipality's website and in the local media. Advertising in other media is based on the target market for the post. This saves on advertising costs and in the electronic age gives easy and quick access to applicants. Drakenstein strives to appoint employees who share the vision of "*A city of excellence*" and who will add value to the organisation. The training and development of internal staff is aimed at ensuring that they are able to perform their duties better.

#### 4.6.1 Personnel Expenditure

Drakenstein's workforce expenditure of R714.7 million, depicted in the table below, accounted for 28.9% of the total actual operating expenditure of R2.47 billion for the 2020/21 financial year.

Graph 7: Workforce Expenditure Trends





The total workforce expenditure of R714.7 million included R38.38 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP. The 2019/20 total workforce expenditure of R626.6 million included –R19.4 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP, after taking into account R53.8 million worth of actuarial gains for post-employment healthcare benefits. The 2018/19 total workforce expenditure of R660.2 million included R31.2 million of provisions for defined benefit plan (DBP) expenses as required by the SA Standards of GRAP, after taking into account R10.9 million worth of actuarial losses for post-employment healthcare benefits.

It is clear from the above that the total workforce expenditure as a percentage of the total actual operating expenditure has fluctuated over the last three financial years from 28.9% to 27.4% to 30.3% This percentage is well within National Treasury's norm of 25% to 40% and will steadily rise over the next few years to Drakenstein's target of about 30%.

#### 4.6.2 Personnel Expenditure per Line Item

The breakdown of personnel expenditure per line item for the 2020/21 and 2019/20 years is depicted in the table below. Salaries and wages have increased with R88,115,218 year-on-year, mainly due to the restatement of the post employment medical benefits in the prior year, that resulted in a actuarial gain of R49,808,390 in the restated figures for 2019/20.

**Table 161: Personnel Expenditure per Line Item**

Personnel Expenditure per Line Item					
Serial No.	Description	2019/20 Actual Expenditure	2020/21 Actual Expenditure	Variance Amount	Variance %
Column Ref.	A	C	C	D	E
1	<b>Salaries and Wages</b>	<b>444,503,575</b>	<b>474,441,242</b>	<b>29,937,667</b>	6.7%
2	Salaries	444,503,575	474,441,242	29,937,667	6.7%
3	<b>Other Allowances and contributions</b>	<b>201,486,742</b>	<b>201,899,119</b>	<b>412,377</b>	0.2%
4	Social contributions - UIF, pensions and medical aid etc.	99,472,690	108,654,250	9,181,560	9.2%
5	Travel, accommodation and other allowances	27,092,375	29,048,647	1,956,272	7.2%
6	Housing benefits and allowances	4,318,705	4,194,525	(124,180)	-2.9%
7	Overtime payments	26,292,033	26,599,972	307,939	1.2%
8	Acting Allowance	1,231,264	1,872,146	640,882	52.1%
9	Shift Allowance	2,362,260	2,291,930	(70,330)	-3.0%
10	Standby Allowance	9,061,813	9,232,642	170,829	1.9%
11	Night Shift Allowance	3,181,853	3,040,267	(141,586)	-4.4%
12	Cell Allowance	3,880,950	4,087,152	206,202	5.3%
13	Workman Compensation	2,420,352	3,444,765	1,024,413	42.3%
14	Contribution to leave reserve	13,556,420	1,819,097	(11,737,323)	-86.6%
15	Provision for TASK backpay	7,654,861	6,627,428	(1,027,433)	-13.4%
16	Provision for performance bonuses	961,166	986,298	25,132	2.6%
17	<b>Defined Benefit Plan Expense:</b>	<b>(19,387,632)</b>	<b>38,377,549</b>	<b>57,765,181</b>	-297.9%
18	Post Employment Health Care Benefits	(22,648,390)	30,311,532	52,959,922	-233.8%
19	Ex Gratia Pension Benefits	(546,069)	68,450	614,519	-112.5%
20	Long Service Awards	3,806,827	7,997,567	4,190,740	110.1%
21	<b>Expenditure Recharged</b>	-	-	-	
22	Expenditure Recharged to Capital	-	-	-	
23	<b>Total Employee Related Costs</b>	<b>626,602,692</b>	<b>714,717,910</b>	<b>88,115,218</b>	14.1%

#### **4.7 DISCLOSURES OF FINANCIAL INTERESTS**

Disclosures have been made by officials and Councillors concerning their financial interests, as required by Municipal Performance Regulations 805 of 2006 and are set out in Appendix I. No transgressions due to financial interests occurred.

## 5. FINANCIAL PERFORMANCE

### COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

#### 5.1 INTRODUCTION

The following sections provide an overview of the financial results of the Municipality for the year under review per economic classification compared to the prior year audited results, the original budget and the final adjustments budget.

#### 5.2 FINANCIAL SUMMARY

Drakenstein Municipality generated an overall operating surplus of R101.6 million compared with budgeted operating surplus of R77.1 million for the year under review as depicted in the table below. More information on the revenue collection performance by vote and by source is included in **Appendix J** of the Annual Report.

**Table 162: Financial Summary**

Serial No.	Description	Financial Summary					
		2019/2020	2020/21			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
1	<b>Financial Performance</b>						
2	Property rates	311,891,562	331,536,704	342,977,305	343,711,356	103.67%	100.21%
3	Service charges	1,576,106,211	1,676,425,099	1,651,795,109	1,627,177,093	97.06%	98.51%
4	Investment revenue	6,140,446	6,000,000	6,000,000	5,222,733	87.05%	87.05%
5	Transfers recognised – operational	193,365,938	265,052,589	228,332,470	233,235,878	88.00%	102.15%
6	Other own revenue	142,665,879	152,205,806	200,116,243	192,222,463	126.29%	96.06%
7	<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2,230,170,036</b>	<b>2,431,220,198</b>	<b>2,429,221,127</b>	<b>2,401,569,523</b>	<b>-1.22%</b>	<b>-1.14%</b>
8	Employee costs	667,786,183	688,195,688	704,373,917	711,273,115	103.35%	100.98%
9	Remuneration of Councillors	31,026,997	31,709,291	31,709,291	31,101,146	98.08%	98.08%
10	Depreciation	215,723,756	240,352,185	240,352,185	227,235,412	94.54%	94.54%
11	Finance charges	178,474,546	182,311,791	180,158,030	179,830,803	98.64%	99.82%
12	Materials and bulk purchases	834,566,840	889,217,799	890,304,400	881,455,502	99.13%	99.01%
13	Transfers and grants	16,656,763	9,460,000	10,753,820	8,534,159	90.21%	79.36%
14	Other expenditure	382,575,614	473,937,667	474,704,281	436,770,346	92.16%	92.01%
15	<b>Total expenditure</b>	<b>2,326,810,699</b>	<b>2,515,184,421</b>	<b>2,532,355,924</b>	<b>2,476,200,483</b>	<b>-1.55%</b>	<b>-2.22%</b>
16	Surplus (Deficit)	(96,640,663)	(83,964,223)	(103,134,797)	(74,630,960)	88.88%	72.36%
17	Transfers recognised – capital	180,713,797	168,149,000	180,265,283	175,958,381	104.64%	97.61%
18	Contributions recognised – capital and contributed assets	0	0	0	0	0.00%	0.00%
19	<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>84,073,134</b>	<b>84,184,777</b>	<b>77,130,486</b>	<b>101,327,421</b>	<b>20.36%</b>	<b>31.37%</b>
20	Share of surplus/(deficit) of associate	0	0	0	0	0.00%	0.00%
21	<b>Surplus (Deficit) for the year</b>	<b>84,073,134</b>	<b>84,184,777</b>	<b>77,130,486</b>	<b>101,327,421</b>	<b>120.36%</b>	<b>131.37%</b>
22	<b>Capital Expenditure and Fund Sources</b>						
23	Transfers recognised – capital	143,696,501	153,671,957	144,755,881	143,696,501	93.51%	99.27%
24	Public contributions and donations	0	0	0	0	0.00%	0.00%
25	Borrowing	0	0	0	0	0.00%	0.00%
26	Internally generated funds	77,949,957	63,300,476	94,303,180	77,949,957	123.14%	82.66%
27	<b>Total sources of capital funds</b>	<b>221,646,458</b>	<b>216,972,433</b>	<b>239,059,061</b>	<b>221,646,458</b>	<b>2.15%</b>	<b>-7.28%</b>
28	<b>Financial Position</b>						
29	Total current assets	528,029,398	561,475,605	563,740,428	577,824,897	102.91%	102.50%
30	Total non-current assets	6,230,522,784	6,196,648,911	6,218,735,539	6,270,475,702	101.19%	100.83%
31	Total current liabilities	587,433,383	588,578,402	592,173,402	547,154,872	92.96%	92.40%
32	Total non-current liabilities	2,102,116,784	1,960,199,866	1,960,199,866	2,040,855,700	104.11%	104.11%
33	Community wealth/ Equity	4,159,002,015	4,209,346,248	4,230,102,699	4,260,290,027	101.21%	100.71%

Financial Summary							
Serial No.	Description	2019/2020	2020/21			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
34	Cash Flows						
35	Net cash from (used) operating	335,981,376	283,511,201	287,341,923	300,935,923	1.35%	4.73%
36	Net cash from (used) investing	(290,000,087)	(214,972,433)	(224,580,445)	(221,354,616)	4.47%	-1.44%
37	Net cash from (used) financing	(34,285,419)	(19,684,848)	(19,684,848)	(21,399,846)	0.00%	8.71%
38	Cash/cash equivalents at the year end	(35,424,540)	48,853,920	43,076,630	58,181,461	19.09%	35.07%
39	Cash Backing/Surplus Reconciliation						
40	Cash and investments available	80,599,898	130,399,605	126,437,566	138,781,359	-3.04%	9.76%
41	Application of cash and investments	65,286,188	121,583,580	123,505,580	(45,911,956)	1.58%	-137.17%
42	Balance – surplus (shortfall)	289,280,521	251,983,185	249,943,146	92,869,403	-0.81%	-62.84%
43	Asset Management						
44	Asset register summary (WDV)	6,230,111,681	6,210,054,591	6,209,832,591	6,270,203,403	0.97%	0.97%
45	Depreciation and asset impairment	218,955,472	238,352,185	240,352,185	227,235,413	-4.66%	-5.46%
46	Renewal of existing assets	22,284,434	7,628,237	13,421,914	11,933,160	56.43%	-11.09%
47	Repairs and maintenance	263,443,796	224,155,762	248,373,035	250,004,929	11.53%	0.66%

### 5.3 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

In the table below the operating expenditure performance by GFS Classification is depicted. Drakenstein Municipality has spent R2.476 billion of the final operating adjustments budget of R2.532 billion on operating activities and it represents 98.45% of the original approved budget and 97.78% of the final operating adjustments budget. This aligns to Appendix B1 to the Annual Financial Statements.

**Table 163: Financial Performance of Operating Expenditure by GFS Classification**

Financial Performance of Operational Expenditure by GFS Classification							
Serial No.	Description	2019/2020	2020/2021			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Operating Cost						
2	Water	122,256,657	112,334,871	128,263,176	114,354,768	1.80%	-10.84%
3	Wastewater (Sanitation)	108,164,168	129,445,881	130,862,949	129,168,634	-0.21%	-1.29%
4	Electricity	967,248,356	1,069,658,930	1,048,198,782	1,041,990,075	-2.59%	-0.59%
5	Waste Management	68,316,631	98,464,325	94,341,492	89,342,197	-9.26%	-5.30%
6	Other	0	648,583	0	0	-100.00%	#DIV/0!
7	<b>Component A: Sub-total</b>	<b>1,265,985,812</b>	<b>1,410,552,590</b>	<b>1,401,666,399</b>	<b>1,374,855,674</b>	<b>-2.53%</b>	<b>-1.91%</b>
8	Roads	115,706,615	133,263,045	135,764,097	132,405,640	-0.64%	-2.47%
9	Planning	49,752,923	61,292,295	59,380,705	60,190,276	-1.80%	1.36%
10	Environmental Protection	2,042,426	917,623	1,564,630	1,658,762	80.77%	6.02%
11	<b>Component B: Sub-total</b>	<b>167,501,964</b>	<b>195,472,963</b>	<b>196,709,432</b>	<b>194,254,678</b>	<b>-0.62%</b>	<b>-1.25%</b>
13	Community and Social Services	35,674,259	44,977,245	35,648,339	37,800,443	-15.96%	6.04%
14	Sport and Recreation	62,965,408	81,302,290	66,286,341	63,086,705	-22.40%	-4.83%
15	Security and Safety	174,639,355	165,963,200	233,183,582	224,228,388	35.11%	-3.84%
16	Housing	89,285,710	130,998,357	85,821,959	85,877,526	-34.44%	0.06%
17	Health	0	0	0	0	0.00%	0.00%
18	<b>Component C: Sub-total</b>	<b>362,564,732</b>	<b>423,241,092</b>	<b>420,940,221</b>	<b>410,993,062</b>	<b>-2.89%</b>	<b>-2.36%</b>
19	Corporate Policy Offices and	529,945,456	485,917,776	513,071,745	496,097,089	2.09%	-3.31%
20	<b>Component D: Sub-total</b>	<b>529,945,456</b>	<b>485,917,776</b>	<b>513,071,745</b>	<b>496,097,089</b>	<b>2.09%</b>	<b>-3.31%</b>
21	<b>Total Expenditure</b>	<b>2,325,997,965</b>	<b>2,515,184,421</b>	<b>2,532,387,797</b>	<b>2,476,200,503</b>	<b>-1.55%</b>	<b>-2.22%</b>

## 5.4 GRANT PERFORMANCE

### 5.4.1 Grants received and its performance

Drakenstein utilised R400.5 million or 16.88% more than the R342.6 million allocated in the original budget.

**Table 164: Operating Transfers and Grants**

Grant Performance							
Serial No.	Description	2019/2020	2020/2021			2020/2021 Variance	
		Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Column Ref.	A	B	C	D	E	F	G
1	<b>Operating Transfers and Grants</b>						
2	<b>National Government:</b>	<b>251,672,554</b>	<b>270,757,499</b>	<b>270,757,499</b>	<b>271,499,067</b>	<b>0.27%</b>	<b>0.27%</b>
3	Equitable share	150,601,000	187,332,000	187,332,000	187,332,000	0.00%	0.00%
4	IUDG	49,050,000	57,927,000	57,927,000	57,927,000	0.00%	0.00%
5	Finance Management Grant (FMG)	1,549,994	1,550,000	1,550,000	1,550,000	0.00%	0.00%
6	Electrification Grant (INEP)	14,999,998	17,000,000	17,000,000	17,000,000	0.00%	0.00%
7	Electricity demandside Grant	4,987,259	0	0	0	0.00%	0.00%
8	Expanded Public Works Grant (EPWP)	5,185,000	4,093,000	4,093,000	4,093,000	0.00%	0.00%
9	Covid 19 (National)	477,000	0	0	0	0.00%	0.00%
10	IIPSAS	24,822,304	2,855,499	2,855,499	3,022,068	5.83%	5.83%
11	Water Infrastructure	0	4,095,000	4,095,000	575,000	-85.96%	-85.96%
12	<b>Provincial Government:</b>	<b>86,148,713</b>	<b>33,179,545</b>	<b>33,179,545</b>	<b>89,806,515</b>	<b>170.67%</b>	<b>170.67%</b>
13	Library Personnel	17,160,253	18,487,000	18,487,000	18,487,632	0.00%	0.00%
14	Community Development Workers	18,409	113,000	113,000	11,619	-89.72%	-89.72%
15	Kinston / Lantana	0	2,683,930	2,683,930	2,683,930	0.00%	0.00%
16	New Siyazama	0	79,660	79,660	79,660	0.00%	0.00%
17	1068 Houses	0	139,555	139,555	139,555	0.00%	0.00%
18	Paarl East	0	1,185,332	1,185,332	1,185,332	0.00%	0.00%
19	Vlakkeland	7,399,194	0	0	0	0.00%	0.00%
20	Vlakkeland (Donated)	27,635,327	0	0	0	0.00%	0.00%
21	Drone	53,945	0	0	0	0.00%	0.00%
22	Tablet for Drone	16,992	0	0	0	0.00%	0.00%
23	Proclaimed Roads	29,693,918	0	0	57,247,999	0.00%	0.00%
24	Mbkweni Thusong Centre	0	150,000	150,000	150,000	0.00%	0.00%
25	Schoongezicht	639,222	6,501,155	6,501,155	8,118,345	24.88%	24.88%
26	Services Delivery and Capacity Building	2,038,247	2,038,247	2,038,247	0	0.00%	0.00%
27	Covid 19 Provincial	1,000,000	1,000,000	1,000,000	0	0.00%	0.00%
28	Capacity Building Grant	337,223	337,223	337,223	0	0.00%	0.00%
29	Financial Management Support Grant	104,000	204,442	204,442	204,442	0.00%	0.00%
30	Greenest Town Award	51,982	260,000	260,000	260,000	0.00%	0.00%
31	Accelerated Housing	0	238,000	238,000	238,000	0.00%	0.00%
32	Rsep	0	1,000,000	1,000,000	1,000,000	0.00%	0.00%
33	<b>Other Grants</b>	<b>21,673,981</b>	<b>5,374,116</b>	<b>5,374,116</b>	<b>5,374,116</b>	<b>0.00%</b>	<b>0.00%</b>
34	Traning Grant	423,617	705,178	705,178	705,178	0.00%	0.00%
35	Dbsa	4,000,000	0	0	0	0.00%	0.00%
36	Simondium	15,277,042	0	0	0	0.00%	0.00%
37	Neumarkt	1,534,527	0	0	0	0.00%	0.00%
38	OR Thambo Emergency Kits	0	1,815,250	1,815,250	1,815,250	0.00%	0.00%
39	De Kraal	0	2,853,688	2,853,688	2,853,688	0.00%	0.00%
40	Donatted	438,795	0	0	0	0.00%	0.00%
41	<b>District Municipality:</b>	<b>1,707,800</b>	<b>1,187,001</b>	<b>1,187,001</b>	<b>1,647,001</b>	<b>38.75%</b>	<b>38.75%</b>
42	Cape Winelands	0	460,000	460,000	460,000	0.00%	0.00%
43	Covid 19	1,707,800	1,187,001	1,187,001	1,187,001	0.00%	0.00%
44	<b>Other grant providers:</b>	<b>7,629,561</b>	<b>32,186,870</b>	<b>32,186,870</b>	<b>32,186,870</b>	<b>0.00%</b>	<b>0.00%</b>
45	Le Parc Estate	0	1,411,776	1,411,776	1,411,776	0.00%	0.00%
46	Jan van Riebeeck Drive	0	340,623	340,623	340,623	0.00%	0.00%
47	Lady Blake	0	28,588	28,588	28,588	0.00%	0.00%
48	Newton Development	0	798,884	798,884	798,884	0.00%	0.00%
49	The Acres	0	5,570,175	5,570,175	5,570,175	0.00%	0.00%
50	ChurchStreet Developments	0	96,613	96,613	96,613	0.00%	0.00%
51	Vlakkeland	0	23,940,211	23,940,211	23,940,211	0.00%	0.00%
52	Sportfields	600,000	0	0	0	0.00%	0.00%
53	Tablets	10,321	0	0	0	0.00%	0.00%
54	Conrad Pumpstation	387,977	0	0	0	0.00%	0.00%
55	Wilde Paarde	5,829,534	0	0	0	0.00%	0.00%
56	Newton Electricity	210,220	0	0	0	0.00%	0.00%
57	Honeydew Estate Electricity	591,509	0	0	0	0.00%	0.00%
58	<b>Total Operating Transfers and Grants</b>	<b>368,832,610</b>	<b>342,685,031</b>	<b>342,685,031</b>	<b>400,513,569</b>	<b>16.88%</b>	<b>16.88%</b>

## 5.4.2 Grants received from sources other than DoRA

Grants received during the year under review from sources other than the Division of Revenue Act (DoRA) amounted to R97.1 million compared with the R240.6 million of the 2019/20 financial year.

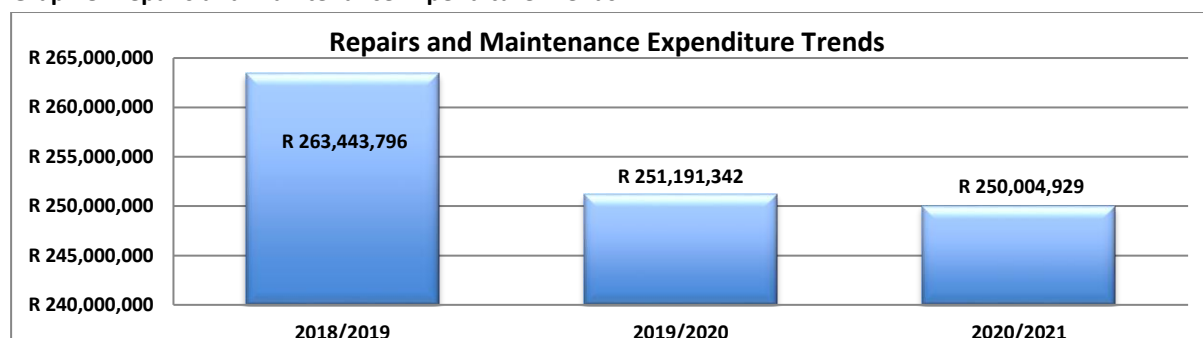
**Table 165: Grants received from sources other than the Division of Revenue Act (DoRA)**

Grants received from sources other than Division of Revenue Act (DORA)					
Serial No.	Details of Donor	Actual Grant 2019/2020	Actual Grant 2020/2021	2020/2021 Municipal Contribution	Date Grant terminates
Column Ref.	A	B	C	D	E
1	Housing	89,433,589	2,784,953	0	30/06/2021
2	Library Personnel	17,071,000	18,487,632	0	30/06/2021
3	Community Development Workers	222,000	113,000	0	30/06/2021
4	Greenest Town	260,000	0	0	30/06/2021
5	Management Supprt Grant	240,000	0	0	30/06/2021
6	Capacity Building Grant	680,556	0	0	30/06/2021
7	Roads	736,000	736,000	0	30/06/2021
8	Proclaimed Roads	28,970,452	56,511,999	0	30/06/2021
9	Graduate Internship Grant	99,569	0	0	30/06/2021
10	Provincial Covid 19 (Distric Council)	2,894,801	1,187,000	0	30/06/2021
11	Provincial Covid 19 (Provincial Treasury)	1,000,000	0	0	30/06/2021
12	Traning Grant	1,000,000	705,178	0	30/06/2021
13	Viakkeland Basic Services (In-Kind)	27,635,327	0	0	30/06/2021
15	FMG Western Cape	0	204,442	0	30/06/2021
18	Capacity Building Grant	380,000	0	0	30/06/2021
21	Foreign Governments/Development Aid Agencies	3,007,698	2,853,688	0	30/06/2021
22	Schoongezicht	3,713,346	0	0	30/06/2021
23	Provincial Covid 19 (National Treasury)	467,000	0	0	30/06/2021
24	Provincial Covid 19 (Provincial Treasury)	1,000,000	0	0	30/06/2021
25	DBSA CEF	4,000,000	3,022,068	0	30/06/2021
26	Accelerated Housing	27,821,367	8,118,345	0	30/06/2021
27	Library Personnel	89,885	0	0	30/06/2021
28	RSEP	0	1,000,000	0	30/06/2021
29	Community Safety	0	460,000	0	30/06/2021
30	WSIG	0	575,000	0	30/06/2021
31	Human Relief	0	238,000	0	30/06/2021
32	Thusong Centre	0	150,000	0	30/06/2021
33	Capacity Building Grant	2,038,212	0	0	30/06/2021
34	IIPSAS	27,900,000	0	0	30/06/2021
35	<b>Total Grants Received</b>	<b>240,660,802</b>	<b>97,147,306</b>	<b>0</b>	

## 5.5 REPAIRS AND MAINTENANCE EXPENDITURE

From the chart below, it can be seen that the investment in repairs and maintenance costs has substantially decreased from R263.4 million in 2018/19 to R251.2 million in the 2019/20 to R250.0 million in the 2020/21 financial year. The repairs and maintenance costs of R250.0 million represents 10.1% of the total operating expenditure of R2.470 billion for the year under review.

Graph 8: Repairs and Maintenance Expenditure Trends



## 5.6 FINANCIAL RATIOS

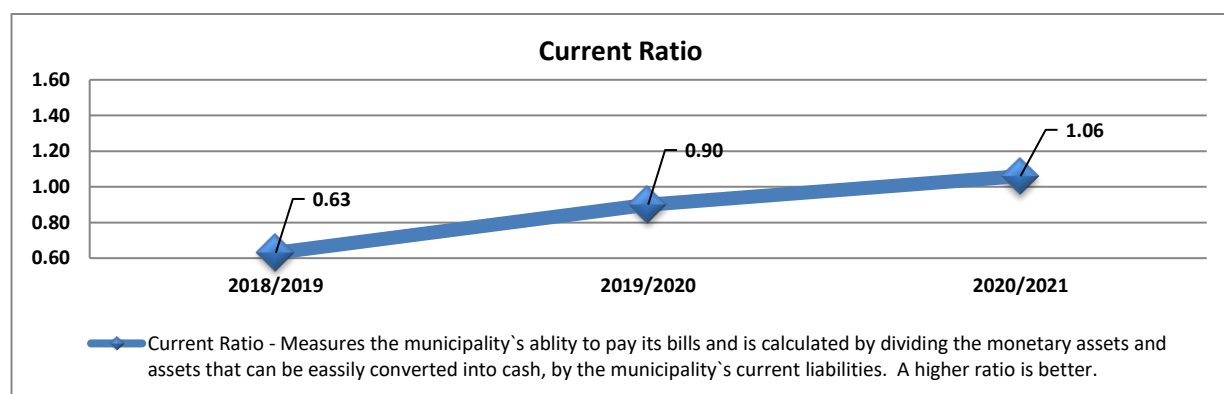
The following section reflects the key financial ratios.

### 5.6.1 Current Ratio

The Current Ratio represents the ability of the Municipality's current assets to service its current liabilities. This ratio shows a downwards trend over the three years under review and the Municipality had a ratio of 1.06:1 in the 2020/2021 financial year.

The Municipality restructured the majority of its 10 year external loans in December 2019 and the short-term portion of external loans will decrease and has had a positive impact on the current ratio for the 2020/2021 financial year.

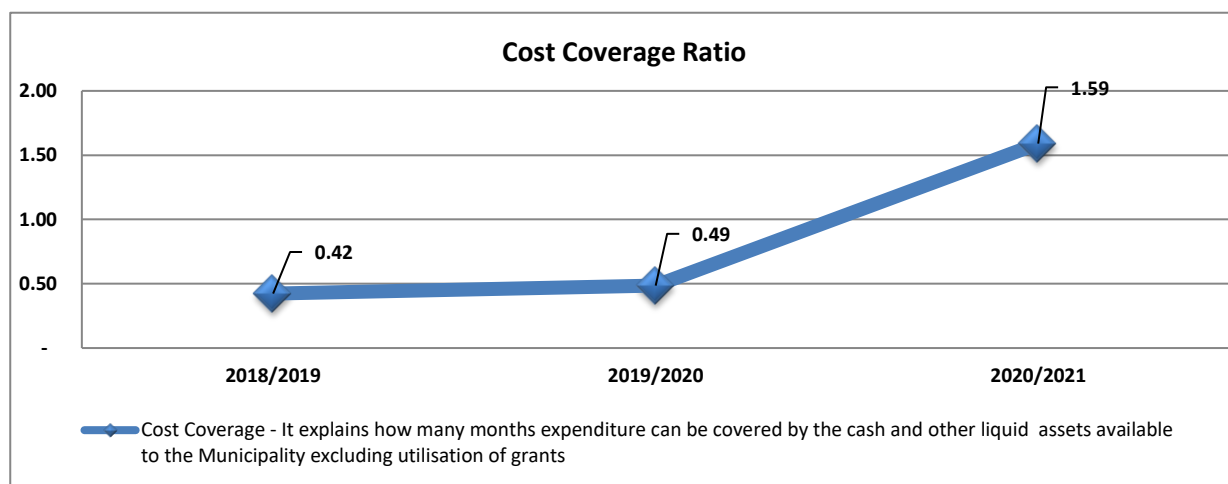
Graph 9: Current Ratio



### 5.6.2 Cost Coverage Ratio

This ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available to the Municipality. The cost coverage ratio year on year shows and upward trend from the 2018/2019 financial year to the 2019/2020 year and a further upward improvement to the current 1.59 times coverage for the 2020/2021 year. This is an indicator that the cash flow of the Municipality is under strain, but recovering.

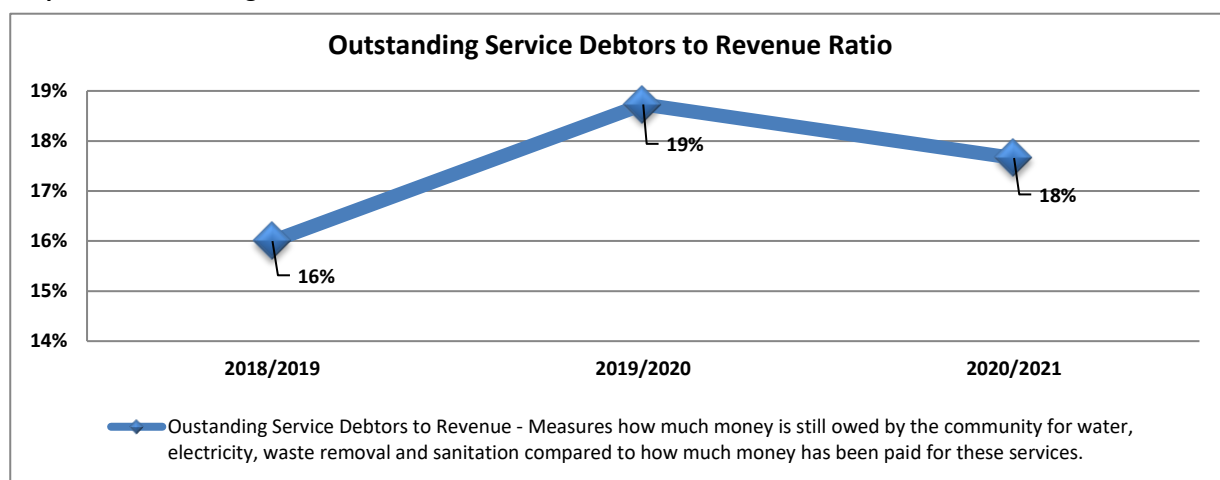
Graph 10: Cost Coverage Ratio



### 5.6.3 Outstanding Service Debtors to Revenue Ratio

This ratio measures how much money is owed by debtors when compared to the generated revenue. This is a measure of what the fraction of outstanding debt is from the total generated revenue. This ratio has decreased from 2019/2020 to 2020/2021, which, although not ideal is still manageable.

Graph 11: Outstanding Service Debtors to Revenue Ratio

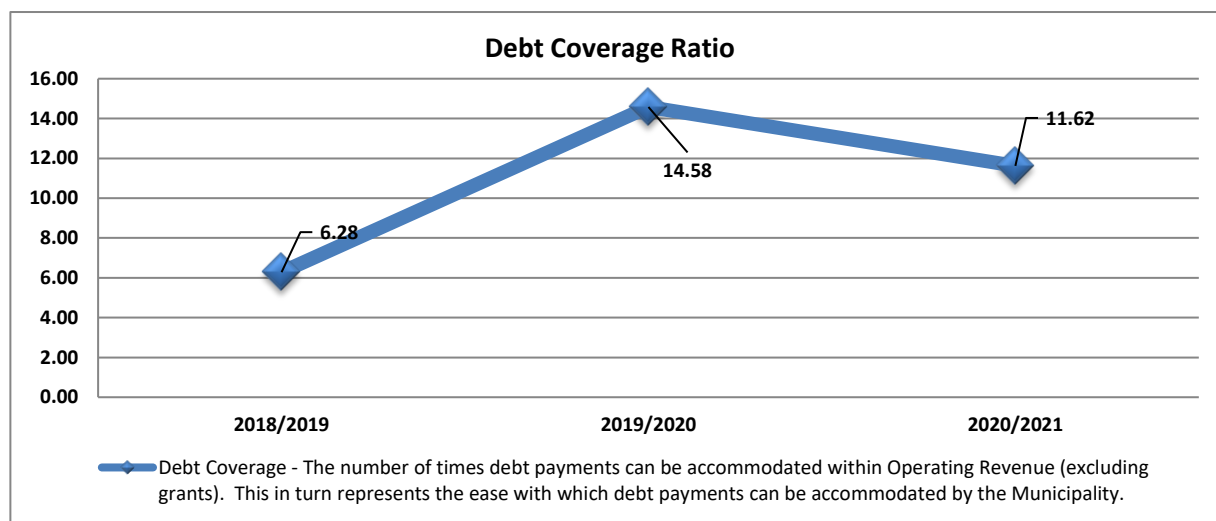




#### 5.6.4 Debt Coverage Ratio

This ratio shows an decrease from 14.58 times at the end of the 2019/20 financial year to just over 11.62 times at the end of the 2020/21 financial year. The decrease is due to the repayment of loans after the payment holiday received by the Municipality.

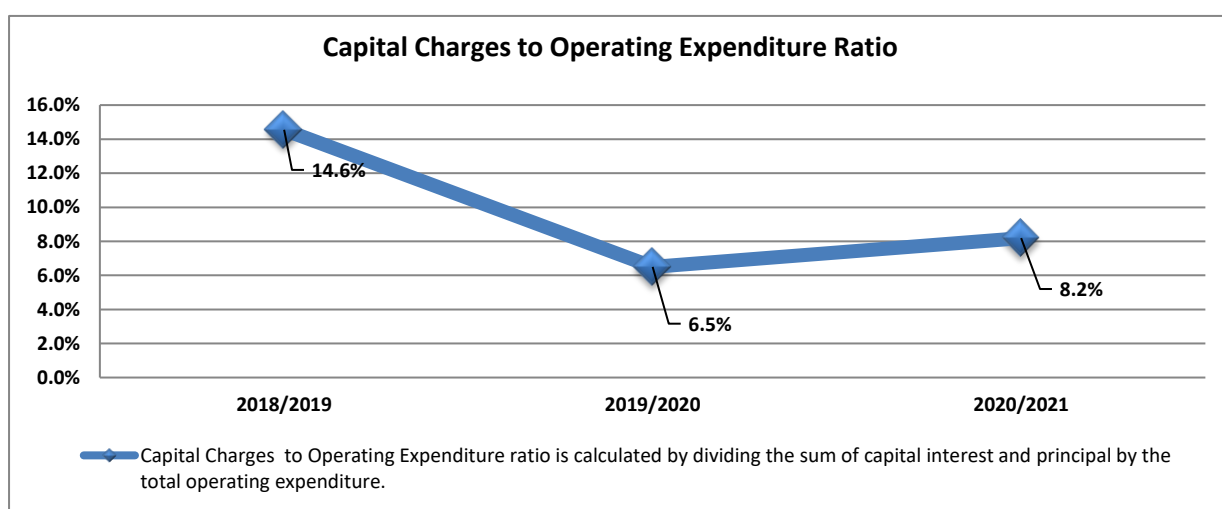
Graph 12: Debt Coverage Ratio



#### 5.6.5 Capital Charges to Operating Expenditure Ratio

This ratio indicates the percentage that capital charges (interest and redemption on external borrowings) make out of the total operating expenditure. This is an indication of how geared the organisation is. The ratio has increased from 6.5% in 2019/20 to 8.2% in 2020/2021 after the restructuring of loans and the payment holiday received by the Municipality beginning in 2019/2020.

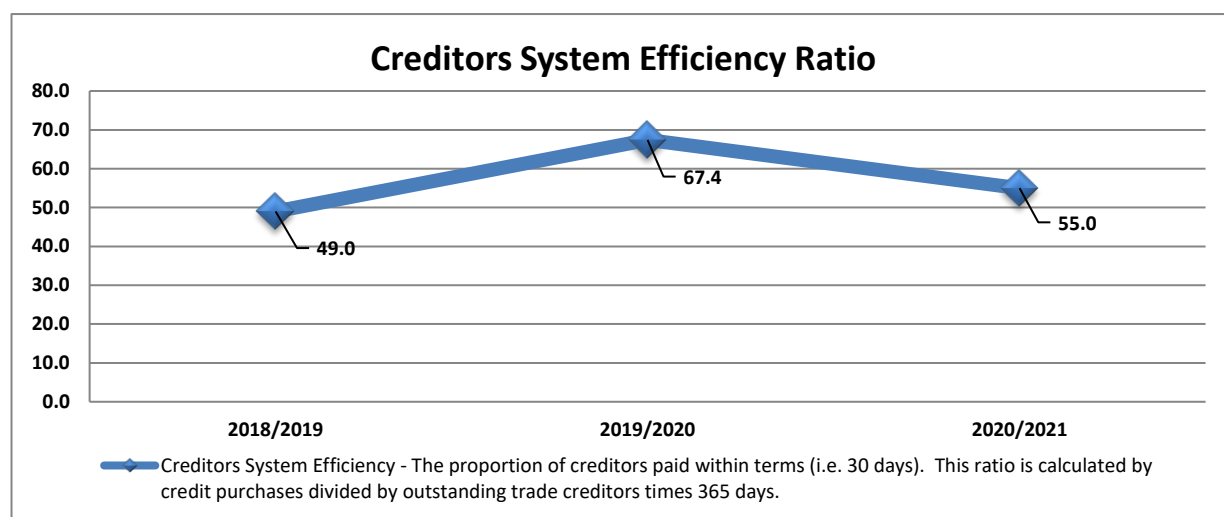
Graph 13: Capital Charges to Operating Expenditure Ratio



### 5.6.6 Creditors System Efficiency Ratio

The creditors' payment period has decreased from 67.4 days in the 2019/20 to 55.0 days in the 2020/21 financial year, although still above the norm of 30 days, it is an improvement from the previous year.

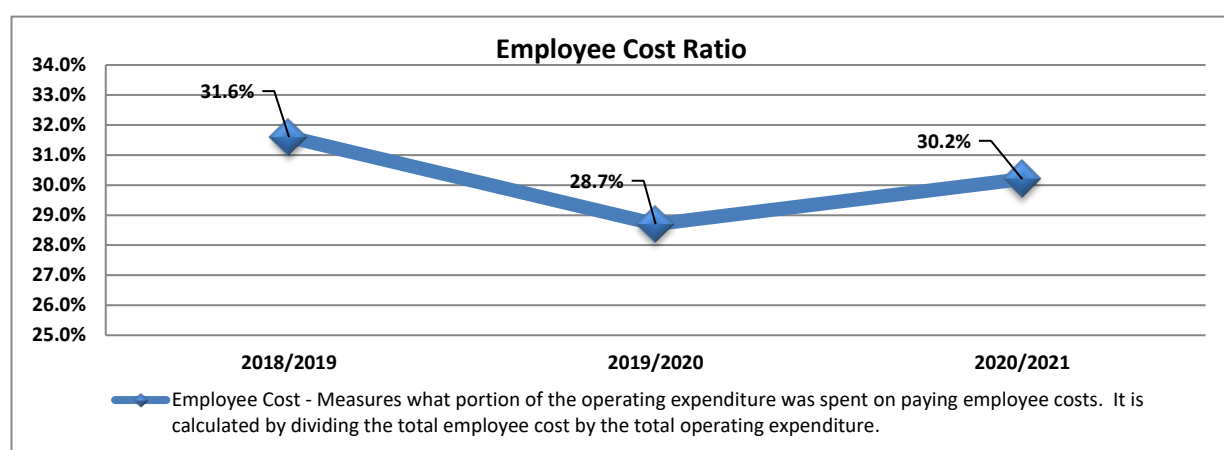
Graph 14: Creditors System Efficiency Ratio



### 5.6.7 Employee Cost Ratio

This ratio represents the percentage employee cost (including councillor remuneration) compared to the total expenditure of Council. This ratio has increased during the year under review due to higher than inflation increases. The ratio for 2020/21 30.2% is well within the norm of 25% to 40% of the industry.

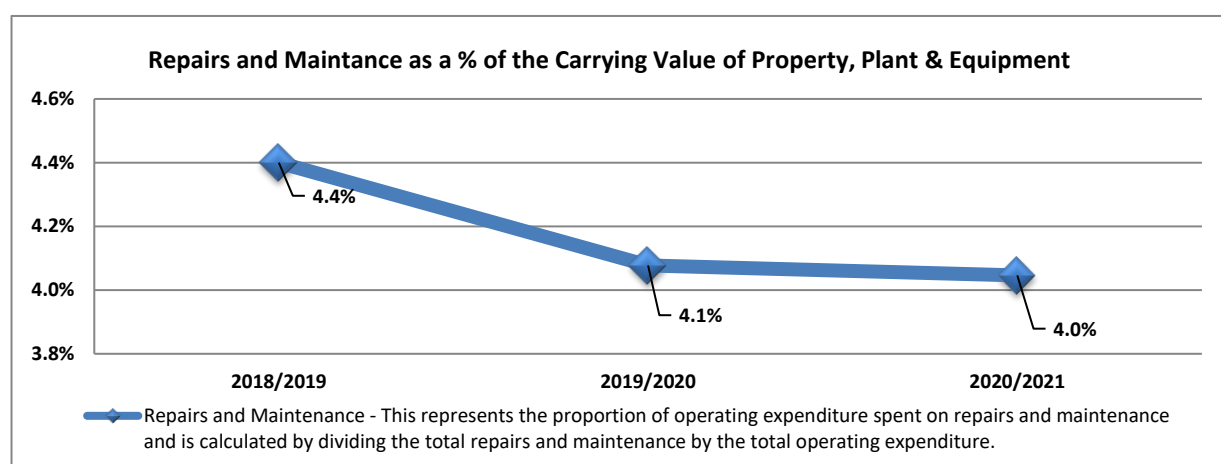
Graph 15: Employee Cost Ratio



### 5.6.8 Repairs and Maintenance as a Percentage (%) of the Carrying Value of Property, Plant and Equipment

Repairs and maintenance as a percentage (%) of the carrying value of property, plant and equipment decreased from 4.4% for the 2018/19 financial years to 4.1% for the 2019/20 financial year and further to 4.0% for the 2020/21 year, due to cost containment and expenditure management actions. This is still well below the unreachable norm of 8% set by National Treasury for a municipality investing heavily in new and replacement infrastructure.

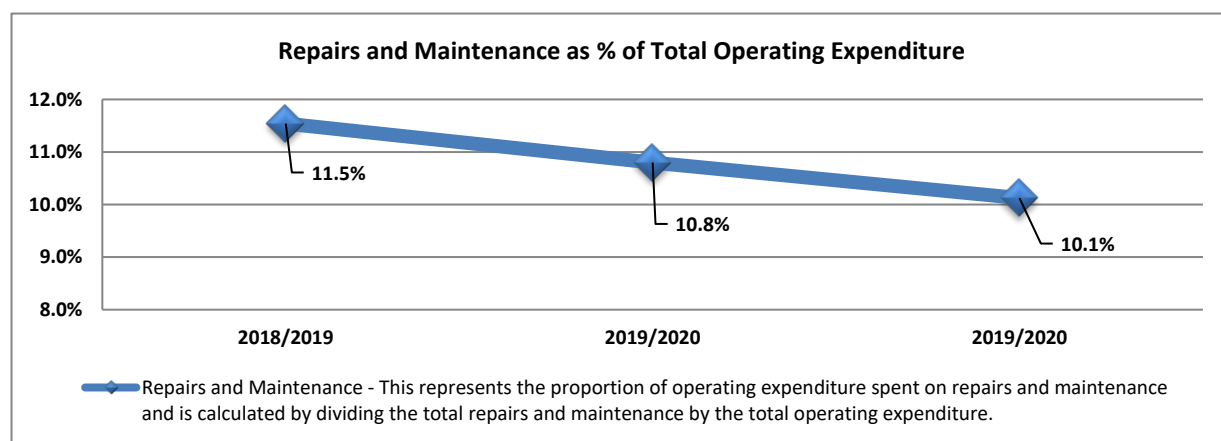
**Graph 16: Repairs and Maintenance as a % of the Carrying Value of Property, Plant & Equipment**



### 5.6.9 Repairs and Maintenance Ratio as a % of Total Operating Expenditure

The percentage amount of repairs and maintenance decreased from 10.8% in the 2019/20 financial year with 0.7% to 10.1% in the 2020/21 financial year. This is above and better than the norm of 10% of the National Treasury. This clearly indicates that the norm of 8% in paragraph 5.6.8 above is not realistic.

**Graph 17: Repairs and Maintenance as a % of Total Operating Expenditure**



## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 5.7 INTRODUCTION

As depicted in the report, R221.6 million or 92.7% of the final capital adjustments budget amount of R239.1 million was spent during the year under review.. More information on the type of infrastructure spent will now be discussed below.

### 5.8 CAPITAL EXPENDITURE

The following three tables depict the information on capital spent on basic services, social services and operational services.

#### 5.8.1 Capital Expenditure on Basic Services Infrastructure

An amount of R153.1 million was invested in basic services infrastructure (electricity, water, waste water, refuse, roads and stormwater) which represents 91.3% of the R167.6 million allocated for basic services infrastructure in the final adjustments budget.

**Table 166: Capital Expenditure on Basic Services Infrastructure**

Capital Expenditure on Basic Services and Road Infrastructure							
Serial No.	Capital Project Description	Actual 2019/20	Original Approved Budget	Final Adjustments Budget	Actual Capital Expenditure	% Variance Column C & D	% Variance Column B & D
Column Ref.	A	B	C	D	E	F	G
1	Basic Services and Road Infrastructure	205,125,027	147,033,091	167,628,983	153,074,799	8.7%	-4.1%

#### 5.8.2 Capital Expenditure on Social Infrastructure

An amount of R44.4 million was invested in social infrastructure which represents 95.6% of the R53.1 million allocated for social infrastructure in the final adjustments budget.

**Table 167: Capital Expenditure on Social and Economical Infrastructure**

Capital Expenditure on Social and Economical Infrastructure							
Serial No.	Capital Project Description	Actual 2019/20	Original Approved Budget	Final Adjustments Budget	Actual Capital Expenditure	% Variance Column C & D	% Variance Column B & D
Column Ref.	A	B	C	D	E	F	G
1	Social and Economical Infrastructure	46,386,196	53,114,055	46,504,735	44,442,520	4.4%	16.3%

### 5.8.3 Capital Expenditure on Operational Infrastructure

An amount of R24.1 million was invested in operational infrastructure which represents 96.8% of the R24.9 million allocated for operational infrastructure in the final adjustments budget.

**Table 168: Capital Expenditure on Operational Infrastructure**

Capital Expenditure on Operational Equipment							
Serial No.	Capital Project Description	Actual 2019/20	Original Approved Budget	Final Adjustments Budget	Actual Capital Expenditure	% Variance Column C & D	% Variance Column B & D
Column Ref.	A	B	C	D	E	F	G
1	Operational Equipment	18,246,620	16,825,287	24,925,343	24,129,138	3.2%	-43.4%

### 5.9 CAPITAL EXPENDITURE SOURCES OF FINANCE

The funding sources of capital expenditure are depicted in the table below.

**Table 169: Capital Expenditure - Funding Sources 2020/2021**

Capital Expenditure – Funding Sources 2020/2021							
Serial No.	Details	2019/2020	2020/2021			Positive (Negative) % Variance	
		Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Column Ref.	A	B	C	D	E	F	G
1	Source of finance						
2	External loans	93,963,326	0	0	0	#DIV/0!	#DIV/0!
3	Public contributions and	0	0	0	0	0.00%	0.00%
4	Grants and subsidies	144,709,088	153,671,957	144,755,881	143,696,501	-5.80%	-0.73%
5	Other	31,085,427	63,300,476	94,303,180	77,949,957	48.98%	-17.34%
6	Total	269,757,842	216,972,433	239,059,061	221,646,458	10.18%	-7.28%
7	Percentage of finance						
8	External loans	35%	0%	0%	0%	#DIV/0!	#DIV/0!
9	Public contributions and	0%	0%	0%	0%	0.00%	0.00%
10	Grants and subsidies	54%	71%	61%	65%	-14.50%	7.07%
11	Other	12%	29%	39%	35%	35.21%	-10.85%
12	Capital expenditure						
13	Water and sanitation	83,103,846	44,153,539	31,175,634	28,605,717	-29.39%	-8.24%
14	Electricity	53,542,646	39,950,000	54,566,447	63,271,887	36.59%	15.95%
15	Housing	33,733,882	8,687,291	22,869,921	22,433,061	163.26%	-1.91%
16	Roads and stormwater	57,165,823	87,394,552	94,237,892	73,601,417	7.83%	-21.90%
17	Other	42,211,645	36,787,051	36,209,167	33,734,376	-1.57%	-6.83%
18	Total	269,757,843	216,972,433	239,059,061	221,646,458	10.18%	-7.28%
19	Percentage of expenditure						
20	Water and sanitation	30.81%	20.35%	13.04%	12.91%	-35.92%	-1.03%
21	Electricity	19.85%	18.41%	22.83%	28.55%	23.97%	25.06%
22	Housing	12.51%	4.00%	9.57%	10.12%	138.93%	5.80%
23	Roads and stormwater	21.19%	40.28%	39.42%	33.21%	-2.13%	-15.76%
24	Other	15.65%	16.95%	15.15%	15.22%	-10.66%	0.48%

### **5.9.1 Grants**

Grants, as depicted in the table above, amounted to R143.7 million or 65% of the total capital expenditure of R221.6 million for the year under review. This is less than the R144.7 million or 54% of the total capital expenditure of R269.8 million for the 2019/20 financial year.

### **5.9.2 Own Revenue from CRR**

Own revenue, as depicted in the table above, amounted to R77.9 million or 35% of the total capital expenditure of R221.6 million for the year under review. This is more than the R31.1 million or 12% of the total capital expenditure of R269.8 million for the 2019/20 financial year.

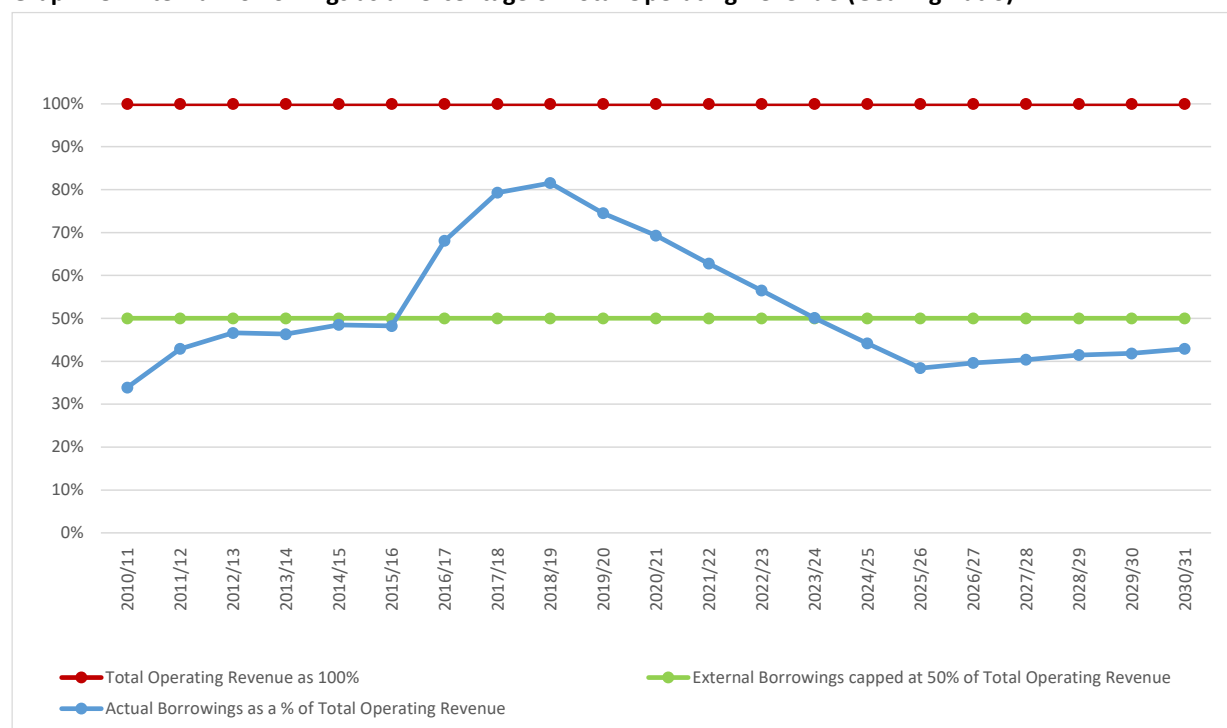
### **5.9.3 External Borrowings**

No capital expenditure was funded from external borrowings, as no new loans were taken up.

#### **5.9.3.1 Gearing Ratio**

The gearing ratio stood at 69.3% at year-end as depicted in the graph below. This is based on total revenue excluding conditional capital and operating expenditure grants. During 2019/20 the majority of ten year external loans were restructured, as it had become unaffordable for Drakenstein to service these loans in the current economic climate. Due to the restructuring of the external loans of the Development Bank of Southern Africa, Standard Bank and Nedbank, no further external loans will be taken up over the next four financial years. This will assist in decreasing the gearing ratio to 62.8% (2021/2022), 56.5% (2022/2023), 50.1% (2023/2024) 44.2% (2024/2025) and 38.4% (2025/2026) as depicted Graph 18 below. This will result that the gearing ratio decrease to below the National Treasury norm of 45% and within the 50% norm of Council's External Borrowing Policy by 2024/25.

**Graph 18: External Borrowings as a Percentage of Total Operating Revenue (Gearing Ratio)**



### **5.9.3.2 Expansion of Tax Base**

The investment in bulk infrastructure over a number of years that led to the high gearing ratio, was to be ready when the new developments start using our municipal services. Drakenstein has to be ready to provide electricity and water and to receive raw sewerage through our bulk sewerage supply lines to our Wellington and Paarl Waste Water Treatment Works. Developments along the R301 from the N1 to Drakenstein Prison, between the R301 and Boland Cricket stadium near the tollgate, Vlakkeland Catalytic Housing Project and the Mountain Ridge Erf 16161 GAP/ Affordable Housing Project as well as around Wellington will over the next ten years expand our tax base with more than 16,995 low, medium and high income housing opportunities. This will significantly increase our tax base and future revenue streams.

## 5.10 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

**Table 170: Capital Spending of Five Largest Capital Projects**

Capital Expenditure of Five Largest Projects						
Serial No.	Name of project	Current year			% Variance year	
		Original Budget	Adjustments Budget	Actual Expenditure	Original Variance	Adjustments Variance
Column Ref.	A	B	C	D	E	F
1	Upgrading Of Oosbosch Street	76,983,546	76,983,546	56,511,999	26.59%	26.59%
2	New Connection BICL's	0	22,885,402	29,097,211	#DIV/0!	-27.14%
3	Electrification Housing Projects	0	0	0	#DIV/0!	#DIV/0!
4	Basic Services : Schoongezicht Emergency Housing Project	6,900,000	10,708,962	10,690,948	-54.94%	0.17%
5	Replacement :Dalwes Substation	9,250,000	9,249,993	9,249,992	0.00%	0.00%

## 5.11 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS

The Engineering Services Department render the core of basic services to the community. The Department is responsible for the supply of water, waste water, electricity and waste management services to the community.

### 5.11.1 Service Backlogs

The basic services backlogs are depicted in the table below. Drakenstein Municipality supply basic water, waste water and waste management services to all its residents within the urban areas. Electricity is supplied to all Drakenstein's residents by the Municipality and Eskom together. Some estates are supplied with a bulk electricity connection and the home owners associations do their own internal electricity reticulation.

About 2,728 structures in the informal settlements do not have access to electricity.

**Table 171: Basic Services Backlogs**

Service Backlogs as at 30 June 2021					
Households (HHs)					
Serial No.	Basic Service	Service Level Above Minimum Standard		Service Level Below Minimum Standard	
		No. of HHs	% of HHs	No. of HHs	% of HHs
Column Ref.	A	B	C	D	E
1	Water	76 024	99.6%	*297	0.4%
2	Waste Water	74 725	97.9%	*1 596	2.1%
3	Electricity	48 461	92.8%	**3,755	7.2%
4	Waste Management	42 642	100%	0	0.0%
*Include farms which do not form part of the municipal water reticulation system.					
**Structures in informal settlements with no access to electricity.					



### 5.11.2 IUDG Expenditure on Service Backlogs

The IUDG allocations of R54.7 million were spent as depicted in the table below.

**Table 172: Integrated Urban Development Grant (IUDG) Expenditure on 2020/21 Service Backlogs**

Integrated Urban Development Grant (IUDG) * Expenditure 2020/2021 on Service Backlogs							
Serial No.	Details	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustment Budget	Major conditions applied by donor (continue below if necessary)
Column Ref.	A	B	C	D	E	F	G
1	<b>Infrastructure - Road Transport</b>	<b>6,111,006</b>	<b>12,784,247</b>	<b>12,784,247</b>	<b>109.20%</b>	<b>0.00%</b>	<b>N/A</b>
2	Roads, pavements and bridges	6,111,006	12,784,247	12,784,247	109.20%	0.00%	N/A
3	Storm water	-	-	-	0.00%	0.00%	N/A
4	<b>Infrastructure - Electricity</b>	<b>2,900,000</b>	<b>8,534,169</b>	<b>8,534,166</b>	<b>194.28%</b>	<b>0.00%</b>	<b>N/A</b>
5	Generation	-	-	-	0.00%	0.00%	N/A
6	Transmission and Reticulation	2,900,000	8,534,169	8,534,166	194.28%	0.00%	N/A
7	Street lighting	-	-	-	0.00%	0.00%	N/A
8	<b>Infrastructure - Water</b>	<b>27,945,113</b>	<b>7,063,653</b>	<b>7,063,653</b>	<b>-74.72%</b>	<b>0.00%</b>	<b>N/A</b>
9	Dams and Reservoirs	-	-	-	0.00%	0.00%	N/A
10	Water Purifications	23,552,460	-	-	-100.00%	0.00%	N/A
11	Distribution	4,392,653	7,063,653	7,063,653	60.81%	0.00%	N/A
12	<b>Infrastructure - Sanitation</b>	<b>5,700,000</b>	<b>10,593,786</b>	<b>10,593,784</b>	<b>85.86%</b>	<b>0.00%</b>	<b>N/A</b>
13	Reticulation	5,700,000	10,593,786	10,593,784	85.86%	0.00%	N/A
14	Sewerage Purification	-	-	-	0.00%	0.00%	N/A
15	<b>Infrastructure - Other</b>	<b>-</b>	<b>1,436,380</b>	<b>1,436,380</b>	<b>0.00%</b>	<b>0.00%</b>	<b>N/A</b>
16	Waste Management	-	-	-	0.00%	0.00%	N/A
17	Transportation	-	1,436,380	1,436,380	0.00%	0.00%	N/A
18	Gas	-	-	-	0.00%	0.00%	N/A
19	<b>Other Specify</b>	<b>15,256,292</b>	<b>14,278,176</b>	<b>14,278,173</b>	<b>-6.41%</b>	<b>0.00%</b>	<b>N/A</b>
20	Development of Existing Cemetery	4,900,000	782,345	782,344	-84.03%	0.00%	N/A
21	Upgrading of Parks and Main Routes	-	1,301,244	1,301,244	0.00%	0.00%	N/A
22	Upgrade Swimming Pools	5,500,000	5,501,275	5,501,275	0.02%	0.00%	N/A
23	Development of De Kraal Sport Complex	4,356,292	4,355,665	4,355,664	-0.01%	0.00%	N/A
24	Dal Sports Stadium: Upgrade Facility	500,000	497,009	497,008	-0.60%	0.00%	N/A
25	Upgrading Own Rental Stock	-	577,930	577,930	0.00%	0.00%	N/A
26	Schoongezicht Boundary Wall	-	1,262,708	1,262,708	0.00%	0.00%	N/A
27	<b>Total</b>	<b>57,912,411</b>	<b>54,690,411</b>	<b>54,690,402</b>	<b>-5.56%</b>	<b>0.00%</b>	<b>N/A</b>

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### 5.12 INTRODUCTION

Cash flow is of vital importance to the health of a municipality. The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) requires that a municipality must establish an appropriate and effective cash management and investment policy. Under this policy framework, the municipality must:

- Conduct its cash management and investments; and
- Invest surplus cash that is not immediately required for expenditure purposes. This surplus could include income from rates and services, rents, fines, grants, subsidies, levies and interest earned on investments.

Investments are placed with top creditworthy institutions as rated by nationally recognised credit rating agencies.

The Department reports regularly to the Executive Mayor, the Finance Portfolio Committee, the Auditor-General, the National Treasury and Provincial Treasury in order to assess the performance of the investment portfolio and to ensure that the investments comply with policy objectives, guidelines, applicable laws and regulations.

### 5.13 CASH FLOW

Cash received from debtors has increased from the previous year, indicating an effective implementation of the Debtors' Policy. The cash available has overall increased due to the better cash management and planning.

Table 173: Cash Flow Outcomes

Cash Flow Outcomes				
Description	2019/20	Current Year 2020/21		
	Audited Outcome	Original Budget	Final Budget	Actual Outcome
	R'000	R'000	R'000	R'000
Cash Flow from operating activities				
<i>Net cash from (used) operating activities</i>	335,981	383,511	287,342	300,935
Cash flow from investing activities				
<i>Net cash from (used) investing activities</i>	-290,000	-214,972	-224,580	-221,355
Cash flow from financing activities				
<i>Net cash from (used) financing activities</i>	-34,285	-19,685	-19,685	-21,400
<b>Net increase/(Decrease) in cash held</b>	<b>11,695</b>	<b>148,854</b>	<b>43,077</b>	<b>58,180</b>
Cash/cash equivalents at the beginning of the year	68,904	137,091	218,098	80,600
Cash/cash equivalents at the end of the year	80,600	285,945	261,175	138,781

## 5.14 BORROWINGS

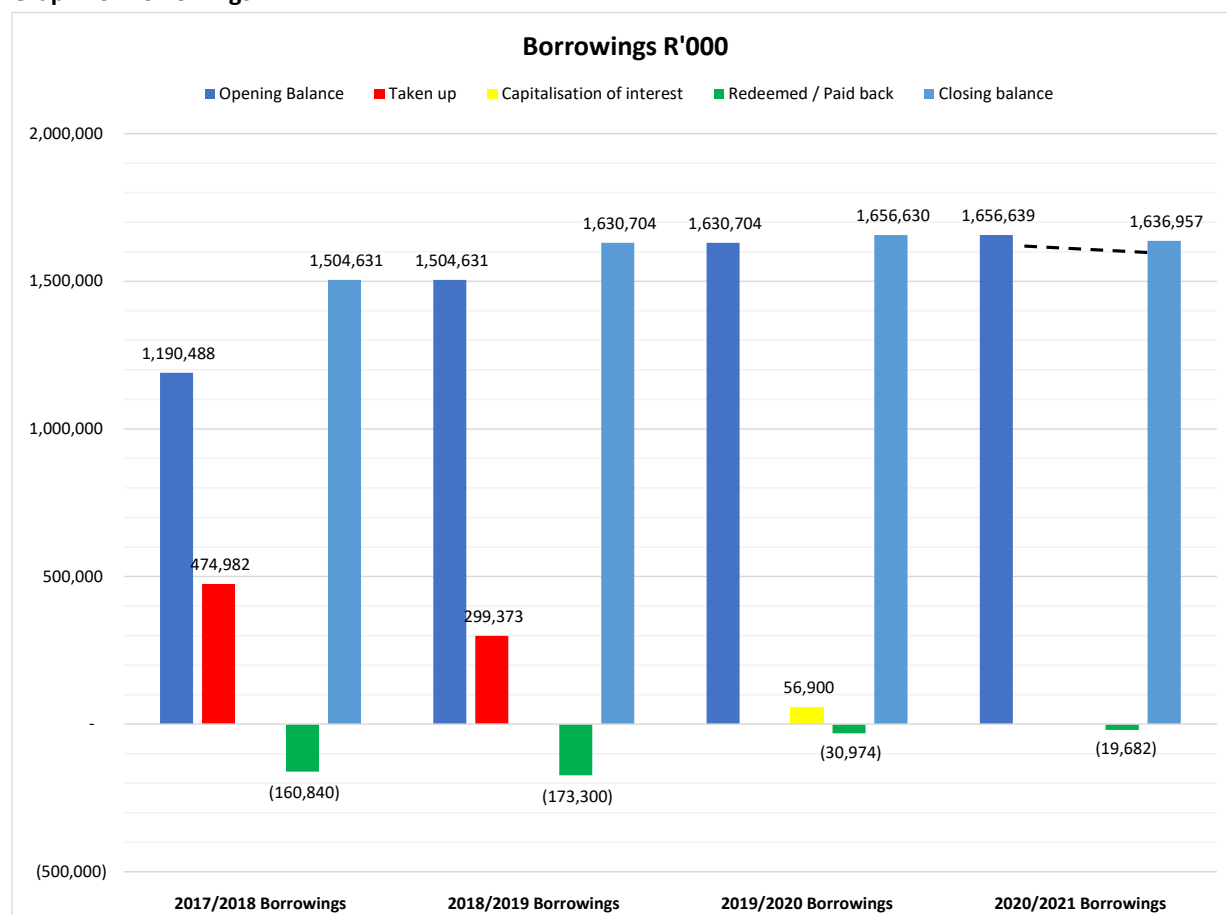
The application of the Municipality's Investment Policy aims to gain the optimal return on investments, without incurring undue risks, during those periods when cash revenue is not needed for capital or operational purposes, whereas the Borrowing Policy aims to gain the lowest interest rate on external borrowings.

During the year, R19.7 million of principle debt was repaid.

Table 174: Actual Borrowings

Actual Borrowings as at 30 June 2021				
Serial No.	R'000			
Column Ref.	A	B	C	D
1	Annuity Loans	2018/19	2019/20	2020/21
2	Opening balance of annuity loans	1,504,631,026	1,630,704,018	1,656,638,729
3	Taken up during the year	299,373,302	56,909,570	0
4	Less: Redeemed during the year	(173,300,310)	(30,974,859)	(19,681,847)
5	<b>Closing Balance of Annuity Loans</b>	<b>1,630,704,018</b>	<b>1,656,638,729</b>	<b>1,636,956,882</b>

**Graph 19: Borrowings**



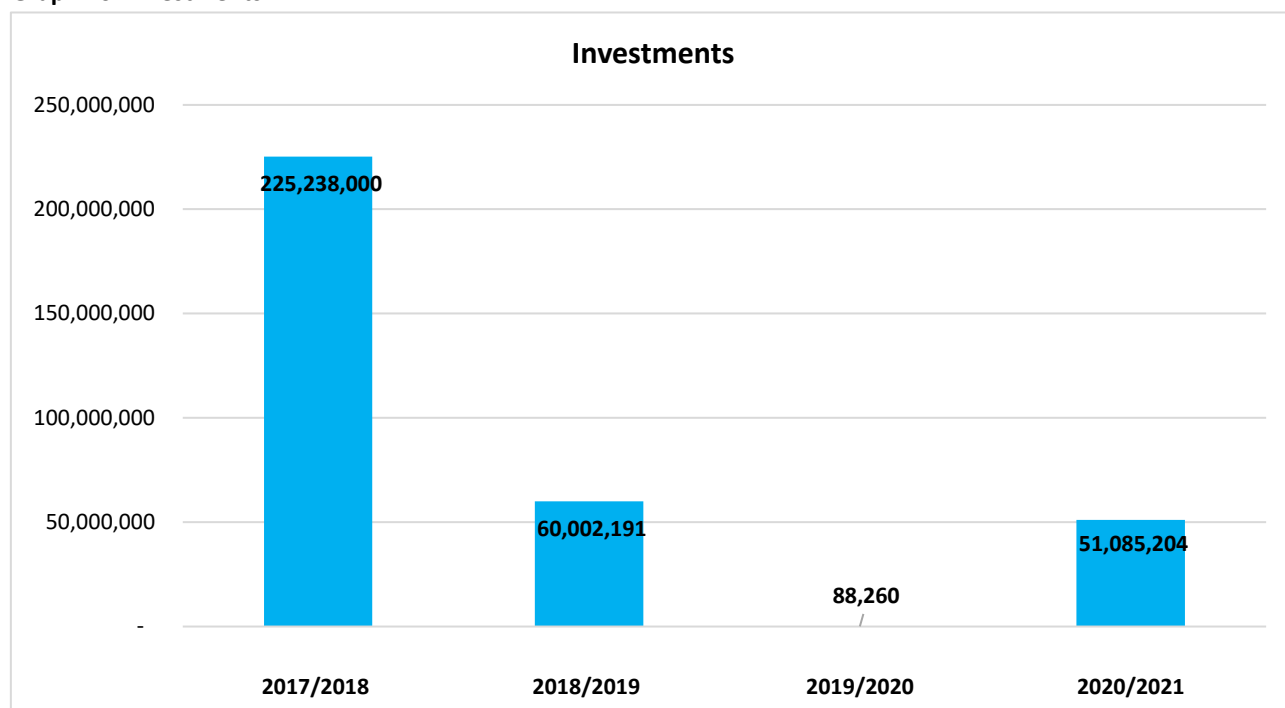
## 5.15 INVESTMENTS

Investments have decreased significantly since the previous financial year due to economic pressure experienced before and worsened by the COVID-19 lockdown.

**Table 175: Municipal and Entity Investments**

Actual Borrowings as at 30 June 2021				
Serial No.	Instrument	2018/2019	2019/2020	2020/2021
Column Ref.	A	B	C	D
1	<b>Municipality</b>			
2	Long-term loans (annuity/reducing balance)	1,630,703,699	1,656,638,730	1,636,956,882
3	Long-term loans (non-annuity)	-	-	-
4	Local registered stock	-	-	-
5	Instalment credit	-	-	-
6	Financial liabilities	-	-	-
7	PPP liabilities	-	-	-
8	Finance granted by capital equipment supplier	-	-	-
9	Marketable bonds	-	-	-
10	Non-marketable bonds	-	-	-
11	Bankers acceptances	-	-	-
12	Financial derivatives	-	-	-
13	Other securities	-	-	-
14	<b>Municipality total</b>	<b>1,630,703,699</b>	<b>1,656,638,730</b>	<b>1,636,956,882</b>

**Graph 20: Investments**



## **5.16 PUBLIC PRIVATE PARTNERSHIPS**

There were no public private partnerships during 2020/21.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.17 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Division consists out of the following sections which covers all elements as required by the Municipal Supply Chain Management Regulations:

#### 5.17.1 Acquisitions

This section deals with procurements up to a value of R200,000 (VAT included).

#### 5.17.2 Compliance, Risk, Performance and Reporting

This section deals with the compliance to SCM processes, reporting on SCM actions as required by legislation as well as assessing risk areas within the SCM environment.

#### 5.17.3 Tender Evaluations and Contract Management

This section deals with procurements above the value of R200,000 (VAT included). It furthermore deals with contract management and implementation in conjunction with user departments.

#### 5.17.4 Logistics and Disposal Management

This section deals with the management of the Municipal Stores as well as the disposal of movable assets.

#### 5.17.5 Tender Committee Administration

This section deals with the administrative processes and logistical support associated with the bid committees.

### 5.18 GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

**Table 176: GRAP Compliance List**

Serial No.	Reference	Topic
Column	A	B
1	GRAP Framework	Framework for the preparation and presentation of financial statements
2	GRAP 1	Presentation of Financial Statements
3	GRAP 2	Cash Flow Statements
4	GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
5	GRAP 4	The Effects of Changes in Foreign Exchange Rates
6	GRAP 5	Borrowing Costs
7	GRAP 6	Consolidated and Separate Financial Statements
8	GRAP 7	Investment in Associates
9	GRAP 8	Investment in Joint Ventures
10	GRAP 9	Revenue from Exchange Transactions
11	GRAP 10	Financial Reporting in Hyperinflationary Economies
12	GRAP 11	Construction Contracts
13	GRAP 12	Inventories
14	GRAP 13	Leases
15	GRAP 14	Events After the Reporting Date
16	GRAP 16	Investment Property
17	GRAP 17	Property, Plant and Equipment
18	GRAP 18	Segment Reporting
19	GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
20	GRAP 20	Related Party Disclosures (Revised)
21	GRAP 21	Impairment of Non-cash-generating Assets
22	GRAP 23	Revenue from Non-exchange Transactions
23	GRAP 24	Presentation of Budget Information in Financial Statements
24	GRAP 25	Employee Benefits
25	GRAP 26	Impairment of Cash-generating Assets
26	GRAP 27	Agriculture
27	GRAP 31	Intangible Assets
28	GRAP 32	Service Concession Arrangement Grantor
29	GRAP 100	Discontinued Operations
30	GRAP 103	Heritage Assets
31	GRAP 104	Financial Instruments
32	GRAP 108	Statutory Receivables
33	GRAP 109	Accounting by Principals and Agents
34	IFRS 4	Insurance contracts
35	IAS 12	Income taxes
36	IGRAP 1	Applying the probable test on initial recognition of revenue
37	IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
38	IGRAP 3	Determining whether an Arrangement Contains a lease
39	IGRAP 4	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Serial No.	Reference	Topic
Column	A	B
40	IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
41	IGRAP 6	Loyalty Programmes
42	IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
43	IGRAP 8	Agreements for the construction of Assets from Exchange Transactions
44	IGRAP 9	Distributions of Non-cash Assets to Owners
45	IGRAP 10	Assets Received from Customers
46	IGRAP 11	Consolidations – Special Purpose Entities
47	IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Ventures
48	IGRAP 13	Operating Leases - Incentives
49	IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
50	IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
51	IGRAP 16	Intangible Assets – Website Costs
52	IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
53	IGRAP 18	Recognition and Derecognition of Land
54	IGRAP 19	Liabilities to Pay Levies
55	IGRAP 20	Accounting for Adjustments to Revenue
56	IFRIC 12	Service concession arrangements
57	IFRIC 21	Levies
58	SIC 25	Income taxes – Changes in the status of an enterprise or its shareholders
59	SIC 29	Disclosure service concession
60	Directive 1	Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP
61	Directive 3	Transitional provisions for high capacity municipalities
62	Directive 5	Determine the GRAP reporting framework
63	Directive 7	The Application of Deemed Cost
64	Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
65	ASB Guide	Accounting for Arrangements Undertaken i.t.o the National Housing Programme
66	ASB Guide	Accounting for Landfill sites
67	ASB Guide	The Application of Materiality to Financial Statements

The adoption of the standards and interpretation above did not have a significant impact on the financial position, financial performance or cash flows of the Municipality.



## 6. AUDITOR-GENERAL AUDIT FINDINGS

The Annual Financial Statements as set out in Volume I and the Annual Performance Report as set out in Volume V was submitted to the Auditor-General on 31 August 2021. The Auditor-General performed their audit during the months of September 2021 to December 2021 and submitted their Auditor-General's Report (attached hereto as Volume II) as required by Section 126(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) to the Municipality on 10 December 2021.

### COMPONENT A: AUDITOR-GENERAL OPINION ON 2020/21 FINANCIAL YEAR

#### 6.1 AUDITOR-GENERAL REPORT FOR 2020/21

In the tables below the Auditor-General's opinion on the 2020/21 annual financial statements and other legal and regulatory matters are discussed.

##### 6.1.1 Auditor-General report on the 2020/21 financial statements

Drakenstein Municipality for the 2020/21 annual financial statements received an unqualified audit opinion. No material non-compliance issues on the annual financial statements were received.

Table 177: Auditor-General Report on 2020/21 Financial Performance

Auditor-General Report on 2020/21 Financial Performance	
Description	Opinion
Audit report status	Unqualified audit opinion
Material non-compliance issues	Remedial action taken
None	Not applicable

##### 6.1.2 Auditor-General report on other legal and regulatory matters

No material findings was identified on the audit of pre-determined objectives or compliance with legislation.

Table 178: Auditor-General Report on 2020/21 Other Matters

Auditor-General Report on 2020/21 Other Matters	
Description	Conclusion
Annual Performance Report	No material findings
Compliance with Legislation	No material findings

#### **6.1.2.1    *Predetermined objectives***

Drakenstein Municipality received no material findings on the audit of pre-determined objectives as reported in the Annual Performance Report attached as Volume V to the Annual Report.

#### **6.1.2.2    *Compliance with legislation***

Drakenstein Municipality received no material findings on compliance with key legislation as set out in the general notice issued in terms of the PAA.

#### **6.1.2.3    *Internal control***

The Auditor-General did not identify any significant deficiencies in internal control.

### **6.2        CONCLUDING COMMENT**

The Auditor-General therefore gave Drakenstein Municipality an unqualified audit opinion with no material findings on pre-determined objective or compliance with key legislation.

## COMPONENT B: AUDITOR-GENERAL OPINION FOR 2019/20 FINANCIAL YEAR

### 6.3 AUDITOR-GENERAL REPORT FOR 2019/20

In the tables below the Auditor-General's opinion on the 2019/20 annual financial statements and other legal and regulatory matters are discussed.

#### 6.3.1 Auditor-General report on the 2019/20 financial statements

Drakenstein Municipality for the 2019/20 annual financial statements received an unqualified audit opinion. No material non-compliance issues on the annual financial statements were received.

Table 179: Auditor-General Report on 2020/21 Financial Performance

Auditor-General Report on 2020/21 Financial Performance	
Description	Opinion
Audit report status	Unqualified audit opinion
Material non-compliance issues	Remedial action taken
None	Not applicable

#### 6.3.2 Auditor-General report on other legal and regulatory matters

No material findings was identified on the audit of pre-determined objectives or compliance with legislation.

Table 180: Auditor-General Report on 2020/21 Other Matters

Auditor-General Report on 2020/21 Other Matters	
Description	Conclusion
Annual Performance Report	No material findings
Compliance with Legislation	No material findings

##### 6.3.2.1 Predetermined objectives

Drakenstein Municipality received no material findings on the audit of pre-determined objectives as reported in the Annual Performance Report attached as Volume V to the Annual Report.

##### 6.3.2.2 Compliance with legislation

Drakenstein Municipality received no material findings on compliance with key legislation as set out in the general notice issued in terms of the PAA.

### **6.3.2.3    *Internal control***

The Auditor-General did not identify any significant deficiencies in internal control.

## **6.4        CONCLUDING COMMENT**

The Auditor-General therefore gave Drakenstein Municipality an unqualified audit opinion with no material findings on pre-determined objective or compliance with key legislation. .

## 7. ANNEXURES

### ANNEXURE A: COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Table 181: Councillors, Committees allocated and Council attendance

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended %	Percentage apologies for non-attendance %
Column Ref.	A	B	C	D	E	F	G
1	Adriaanse, Miriam Maria		√	Corporate Services	Ward 24	92	100
2	Afrika, Amelda Felicity		√	Community Services	Proportional	92	100
3	Anderson, Joan Felicity		√	Corporate Services	Ward 26	92	0
4	Andreas, Margaretha Aletta	√		Planning and Development/Local Labour Forum	Proportional	92	0
5	Arnolds, Ruth Belldine		√	Engineering Services	Ward 7	85	50
6	Bekeer, Abraham		√	MPAC	Proportional	92	100
7	Bester, Theunis Gerhardus		√	Appeal Committee	Ward 19	92	100
8	Blanckenberg, Derrick Solomon		√	Engineering Services	Ward 16	62	80
9	Booyesen, Vanessa Charmaine		√	Engineering Services	Ward 27	100	N/A
10	Buckle, Albertus Marthinus Loubser		√	MPAC	Ward 18	100	N/A
11	Davids, Claire Olivia 4		√		Proportional	89	20
12	Combrink, Gert Cornelius	√		Financial Services	Proportional	92	100
13	Cupido, Felix Patric		√	Corporate Services	Ward 22	85	50
14	Cupido Patricia Beverly Ann		√	Engineering Services	Ward 20	85	100
15	De Goede, Hendrik Ruben		√	Financial Services /LLF	Proportional	92	N/A
16	De Wet, Jo-Ann		√	MPAC	Ward 14	85	N/A100
17	Duba, B		√	Corporate Services	Proportional	31	11
18	Ford, Geoffrey Harry		√	Community Services	Ward 31	62	20
19	George, Nonkumbulo Nancy		√	MPAC	Proportional	69	25
20	Gouws, Eva	√		Community Services	Ward 21	100	N/A
21	Jacobs, Frances		√	Financial Services	Ward 23	92	100
22	Jonas, Sweetness Xoliswa		√	Appeal Committee	Proportional	85	100
23	Kearns, Christephine	√		Financial Services Community Services	Ward 10	85	0
24	Klaas, Moses Thembile		√	Financial Services	Proportional	77	33
25	Koegelenberg, Renier Adriaan	√		Appeal Committee/LLF	Proportional	100	N/A
26	Kotze, Hendrik Jacobus		√	Engineering Services	Ward 2	100	NA
27	Kroutz, Calvin		√	Community Services	Ward 1	92	100
28	Landu, Linda		√	Appeal Committee	Proportional	92	100

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
Column Ref.	A	B	C	D	E	%	%
29	Le Hoe, Marthinus Jacobus		√	MPAC Chairperson	Proportional	62	20
30	Le Roux, Jacobus Francois	√		Financial Services/ Engineering Services	Proportional	100	N/A
31	Lugqola, Anathi		√	Corporate Services	Proportional	54	67
32	Mangena, Tembikile Christopher		√	Engineering Services	Ward 9	62	100
33	Masoka, Zolani Livingstone		√	Community Services	Proportional	100	N/A
34	Matthee, Hendrik Johannes Nicolaas		√	Financial Services	Ward 17	85	100
35	Mbenene, Ndilleka Primrose		√	Corporate Services	Ward 5	69	25
36	Mdunusie, Minah Nontombi		√	Planning and Development	Proportional	100	N/A
37	Meyer, Willem Pieter Daniel		√	Planning and Development	Proportional	92	100
38	Miller, Johan	√		Planning and Development	Ward 4	92	100
39	Mpulanyana, Thuso Reginald		√	Financial Services	Proportional	77	0
40	Mokoena, Liphaphathi Patricia	√		Corporate Services/LLF	Proportional	92	100
41	Nell, Rodney Heinrich		√		Proportional	100	N/A
42	Niehaus, Lodewyk Wilfred		√	Corporate Services	Ward 15	85	0
43	Nobula, Mncedisi Daniel		√	Engineering Services	Ward 12	62	40
44	Nomana, Tryfhina Zukiswa		√	Community Services	Ward 6	77	0
45	Nzele, Lawrence Vuyani		√	Community Services	Ward 32	92	0
46	Poole, Conrad James	√		Executive Mayor	Proportional	100	N/A
47	Rens, Samuel Colin		√	Appeal Committee	Proportional	92	0
48	Richards, Abdul Moutie		√	Financial Services	Proportional	92	100
49	Rix, Brigham		√		Proportional		
50	Ross, Soudah		√	Planning and Development	Ward 13	77	67
51	Sambokwe, Ludia Sindiswa		√	MPAC	Proportional	85	0
52	Sauerman, Nicolaas Daniël		√	Corporate Services	Proportional	92	100
53	September, Sharon Elizabeth		√	Community Services	Ward 33	92	100
54	Smit, Johannes		√	Corporate Services	Ward 30	85	100
55	Smuts, Rean	√		Community Services	Proportional	100	N/A
56	Solomons, Elizabeth Aletta		√	Planning and Development.	Proportional	100	N/A
57	Stowman, Aidan Charles	√		Speaker Appeal Committee	Ward 11	100	N/A

Councillors, Committees allocated and Council attendance							
Serial No.	Council members	Full-time	Part-time	Committees allocated	*Ward and/or party represented	Percentage Council Meetings attended	Percentage apologies for non-attendance
Column Ref.	A	B	C	D	E	%	%
58	Van Niekerk, Laurichia Tylia	√		Community Services	Ward 25	100	N/A
59	Van Nieuwenhuyzen, Reinhardt Heinrich	√		Corporate Services / Engineering Services	Ward 28	100	N/A
60	Van Santen, Aletta Johanna		√	MPAC	Proportional	100	N/A
61	Vika, Mandisa		√	Planning and Development	Proportional	77	67
62	Cyster, Lorraine	√		Planning and Development	Ward 29	92	0
63	Zikhali, Nomonde		√	Planning and Development.	Ward 8	85	0
64	Windvogel, Elizabeth Janet		√		Proportional	92	0
65	MIntoor, Damon (Cllr as from 12 December 2020)		√		Ward 3	100	N/A

## ANNEXURE B: COMMITTEES AND COMMITTEE PURPOSES

**Table 182: Committees (other than Mayoral Committee) and purposes of committees**

Committees (other than Mayoral/Executive Committee) and purposes of Committees		
Serial No.	Municipal Committees	Purpose of committee
Column Ref.	A	B
1	Municipal Public Accounts Committee	To perform an oversight function on behalf of Council over the executive functionaries of the Council.
2	Appeals Committee	To deal with appeals in terms of Section 62 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
3	Audit Committee	In terms of Section 166(2) of the MFMA, an audit committee must advise the municipal council, the political office bearers, the accounting officer and the management staff of a municipality, on matters relating to: <ul style="list-style-type: none"> <li>• Internal financial control;</li> <li>• Risk management;</li> <li>• Performance management; and</li> <li>• Effective governance.</li> </ul>
4	Fraud and Risk Management Committee (FARMCO)	To assist the City Manager to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. FARMCO assists the City Manager by reviewing the effectiveness of the Municipality's fraud and risk management systems, practices and procedures and providing recommendations for improvement.
5	Budget Steering Committee	To assist Council in ensuring that the budget reflects the strategic outcomes embodied in the IDP and related strategic policies.
6	Special Committee (Code of Conduct for Councillors)	To serve as administrative tribunal to conduct hearings of Councillors charged for contravention of the Code of Conduct for Councillors and to make recommendations to Council regarding proposed sanctions; and To consider any other matter of a disciplinary nature relating to Councillors and make a recommendation to Council.



## ANNEXURE C: SECOND AND THIRD TIER ADMINISTRATIVE STRUCTURE

**Table 183: Second and Third-tier Structure**

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
1	Office of the City Manager	City Manager (Dr JH Leibbrandt)
2	Division: Communication and Marketing	Manager: Communication and Marketing (R Geldenhuys)
3	Division: Risk Management	Chief Risk Officer (GJ Dippenaar)
4	Division: IDP and Performance Management	Manager: IDP and Performance Management (C September)
5	Division: Internal Audit	Chief Audit Executive (RJ Jaftha)
6	Division: Internal Audit	Manager: Internal Audit (D Korabie)
7	Division: Internal Audit	Manager: Performance Audit (N Magongo)
<b>8</b>	<b>Financial Services</b>	
9	Department: Financial Services	Chief Financial Officer (B Brown)
10	Section: Strategic Financial Planning and Support	Manager: Strategic Financial Planning (Vacant)
11	Section: Financial Technical Advisory Services	Financial Accounting Research Expert (I Engelmohr)
12	Division: Supply Chain Management	Manager: Supply Chain Management (H Vergotine)
13	Division: Revenue and Expenditure	Senior Manager: Revenue and Expenditure (NG Keketsi)
14	Section: Expenditure	Manager: Expenditure (DM Pikinini)
15	Section: Revenue	Manager: Revenue (AC Abrahams)
16	Division: Budget, Assets and Financial Reporting	Senior Manager: Budget, Assets and Financial Reporting (C Lategan)
17	Section: Financial Systems	Head: Financial Systems (Vacant)
18	Section: Budget Control and Cost Accounting	Manager: Budget Control and Cost Accounting (Vacant)
19	Section: Assets and Insurance Management Services	Manager: Assets and Insurance Management (Vacant)
20	Section: Fin. Statements, Reporting & Cash Management	Manager: Financial Statements, Reporting & Cash Management (A Viola)
<b>21</b>	<b>Corporate Services</b>	
22	Department: Corporate Services	Executive Director: Corporate Services (S Johaar)
23	Division: Human Resource Management	Senior Manager: Human Resource (N Matolengwe)
24	Section: HR Administration & Recruitment & Selection	Manager: Personnel Administration and Recruitment and Selection (T van der Westhuizen)
25	Section: Training and Development	Manager: Training and Development (M Sibeko)
26	Section: Labour Relations, Employee Wellness and OHS	Manager: Labour Relations, Employee Wellness and OHS (P la Grange)
27	Section: Organisational Efficiency	Manager: Organisational Efficiency (K Begbie)
28	Division: Legal and Administrative Services	Senior Manager: Legal and Administrative Services (NC October)
29	Section: Legal Services	Manager: Legal Services (Vacant)
30	Section: Administrative Services	Manager: Administrative Services (F Goosen)
31	Section: I&IGR and CRM (Political Office Support)	Manager: I&IGR and CRM and Political Office Support (LL Nojozi)
32	Division: Information Communication and Technology	Senior Manager: Information Communication and Technology (F Theron)

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
33	Section: ICT Operation and Support	Manager: Operation and Support (J Bredell)
34	Section: MIS/Systems	Manager: MIS/System (I Claims)
35	Section: ICT Governance and Administration	Manager: ICT Governance and Administration (A Coetsee)
<b>36</b>	<b>Planning and Development</b>	
37	Department: Planning and Development	Executive Director: Planning and Development (Vacant)
38	Division: Planning Services	Senior Manager: Planning Services (D Delaney)
39	Section: Land Use Planning and Surveying	Manager: Land Use Planning and Surveying (HG Strijdom)
40	Section: Building Control	Manager: Building Control (F Toyer)
41	Section: Spatial Planning and Heritage	Manager: Spatial Planning and Heritage (W Hendricks )
42	Division: Economic Growth and Tourism	Senior Manager: Local Economic Growth and Tourism (C Phillips)
43	Section: Economic Growth	Manager: Economic Growth (M Mlangeni)
44	Section: Tourism	Senior Tourism Officer (C Carse)
45	Division: Environmental Management	Manager: Environmental Management (C Winter)
46	Section: Natural Resource Management	Senior Environmental Officer (S Reece)
47	Section: Environmental Management Systems, Monitoring and Compliance	Senior Environmental Officer (Vacant)
48	Section: Planning and Sustainability	Senior Environmental Officer (Vacant)
49	Section: Rural Development	Manager: Rural Development (T Cloete)
<b>50</b>	<b>Community Services</b>	
51	Department: Community Services	Executive Director: Community Services (G Esau)
52	Division: Parks, Sports and Cemeteries	Senior Manager: Parks, Sport and Cemeteries (E Saayman)
53	Section: Parks	Manager: Parks (P Bolton)
54	Section: Cemeteries and Resorts	Manager: Cemeteries and Resorts (R Fourie)
55	Section: Sports and Recreation	Manager: Sports and Recreation (Y Tsolo)
56	Section: Programmes, Projects & SP Maintenance	Manager: Programme and Projects (E McKay)
57	Division: Public Safety	Senior Manager: Public Safety (Vacant)
58	Section: Traffic, Law Enforcement and Licensing	Manager: Traffic Services (J Cornelissen)
59	Section: Fire, Rescue and Disaster Management	Manager: Fire Services (D Damons)
60	Section: Municipal Law Enforcement and Security	Manager: Municipal Law Enforcement and Security (Vacant)
61	Division: Community Development & Library & Information Services	Senior Manager: Development and Library Services (Vacant)
62	Section: Community Development	Manager: Community Development (J Rhoda)
63	Section: Library and Information Services	Manager: Library and Information Services (L Thomas)
64	Division: Rental Stock and Support Services	Senior Manager: Rental Stock and Support Services (Vacant)
65	Section: Rental Stock	Manager: Rental Stock (U Johanneson)
66	Section: Operations Support and Demand Administration	Manager: Operations Support and Demand Administration (Vacant)
67	Division: Housing Projects and Technical Support	Senior Manager: Housing Projects (F Rhoda)
68	Section: Housing Projects	Manager: Human Settlements Projects (C Jacobs)
69	Section: Housing Technical Support	Manager: Technical Support (Vacant)

Second and Third-tier Structure		
Serial No.	Department	Executive Manager/Manager
Column Ref.	A	B
70	<b>Engineering Services</b>	
71	Department: Engineering Services	Executive Director: Engineering Services (M Wüst)
72	Division: Civil Engineering Services	Senior Manager: Civil Engineering Services (Vacant)
73	Section: Roads, Stormwater & Traffic Eng. Services	Manager: Roads, Stormwater and Traffic Engineering Services (CM Lotz)
74	Section: Infrastructure Management	Manager: Infrastructure Management (L Pienaar)
75	Section: Water Services	Manager: Water Services (AA Kowalewski)
76	Section: Waste Water Services	Manager: Wastewater Services (Vacant)
77	Division: Technical Support and Project Management	Senior Manager: Technical Support & Project Management (P Pansegrouw)
78	Section: EPWP	Manager: EPWP (Vacant)
79	Section: Project Management	Manager: Project Management (R Sauls)
80	Division: Electro Technical Services	Senior Manager: Electro Technical Services (C Geldenhuys)
81	Section: Operations and Maintenance	Manager: Operations and Maintenance (M Fredericks)
82	Section: Planning and Customer Services	Manager: Planning and Customer Services (L Laing)
83	Section: Electrical Engineering Efficiency Management	Manager: Electrical Engineering Efficiency Management (K Kgowe)
84	Division: Solid Waste and Landfill Management	Senior Manager: Solid Waste and Landfill Management (MT Serfontein)
85	Section: Solid Waste and Functional Management	Manager: Solid Waste and Functional Management (S Frans)
86	Section: Solid Waste Operational Management	Manager: Solid Waste Operational Management (J Beasley)
87	Section: Waste Disposal Facilities	Senior Engineering Technician Waste, Disposal and Facilities (Vacant)
88	Division: Facilities and Mechanical Management	Senior Manager: Facilities and Mechanical Manager (Vacant)
89	Section: Fleet Management and Maintenance	Manager: Fleet Management and Maintenance (FW Nieuwoudt)
90	Section: Building Projects and Maintenance	Manager: Building Projects and Maintenance (TE Tlhapane)
91	Section: Corporate Facilities and Projects	Manager: Corporate Facilities and Projects (Vacant)

## ANNEXURE D: FUNCTIONS OF MUNICIPALITY

**Table 184: Municipal Functions**

Municipal Functions		
Municipal Functions	Function applicable to Municipality	
	Yes	No
<b>Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 4, Part B functions:</b>		
Air pollution	✓	
Building regulations	✓	
Child care facilities	✓	
Electricity and gas reticulation	✓	
Firefighting services	✓	
Local tourism	✓	
Municipal airports		✓
Municipal planning	✓	
Municipal health services		✓
Municipal public transport		✓
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other.	✓	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		✓
Stormwater management systems in built-up areas	✓	
Trading regulations	✓	
Water and sanitation services limited to potable water supply systems and domestic waste - water and sewerage disposal systems.	✓	
<b>Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Schedule 5, Part B functions:</b>		
Beaches and amusement facilities		✓
Billboards and the display of advertisements in public places	✓	
Cemeteries, funeral parlours and crematoria	✓	
Cleansing	✓	
Control of public nuisances	✓	
Control of undertakings that sell liquor to the public	✓	
Facilities for the accommodation, care and burial of animals	✓	
Fencing and fences		✓
Licensing of dogs	✓	
Licensing and control of undertakings that sell food to the public	✓	
Local amenities	✓	
Local sports facilities		✓
Markets		✓
Municipal abattoirs	✓	
Municipal parks and recreation	✓	
Municipal roads	✓	
Noise pollution	✓	
Pounds	✓	
Public spaces	✓	
Refuse removal, refuse dumps and solid waste disposal	✓	
Street trading	✓	
Street lighting	✓	
Traffic and parking	✓	

## ANNEXURE E: WARD REPORTING

The table below reflects ward reporting activities that occurred during the reporting period. The statistics include IDP meetings that took place during the period.

**Table 185: Functionality of Ward Committees**

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
1	<b>WARD COUNCILLOR</b>	Yes	4	4	3
	Cllr C Kroutz				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Nonthembelani Sidubulekana				
	Mrs Wilna Elizabeth Rabe				
	Gert Booysen				
	Mrs Brenda Maureen Carelse				
	Mrs Anna Eliza Januarie				
	Mr Joshwin Pietersen				
	Mr Dolf Marang				
	Mr Dawid Nicholas Gertse				
	Tamarin Pierce				
	Mr Francois Brown				
2	<b>WARD COUNCILLOR</b>	Yes	4	4	0
	Cllr HJ Kotze				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Christine Van Wyk				
	Mr Herman Ehlers				
	Mr Stephan Landsberg				
	Mrs Marinda Ehlers				
	Mrs Marlene Weyers				
	Mrs Sybil Kotzé				
	Mr Hennie Engelbrecht				
	Mr Daan Aggenbach				
	Mrs Petro Botha				
3	<b>WARD COUNCILLOR</b>	Yes	4	4	1
	Cllr WE Smit				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Abel Mentoor				
	Ms Magrieta Futhwa				
	Mr Jan Nieuwoudt				
	Mr James Genis				
	Ms Patricia Roxa				
	Mr Nicolaas Geldenhuys				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Bennie Roberts				
	Mr Johannes Van Zyl Smit				
	Mr Roney Johnson				
4	<b>WARD COUNCILLOR</b>	Yes	3	3	0
	Cllr J Miller				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Amanda Du Toit				
	Mr Carel Hendrick Stander				
	Mrs Maria Elizabeth Jacoba Kotze				
	Mr Bruce Hancock				
	Mr Ernest Derek Taylor				
	Mr Anton Els				
	Mr Johannes Frederick Kotze				
5	<b>WARD COUNCILLOR</b>	Yes	2	2	0
	Cllr P Mbenene				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Nozuko Joyce Magwaza				
	Mr Nkululeko Sydwell Xaba				
	Mrs Evelin Pietersen				
	Mrs Charlene Davids				
	Mr Tumelo Mole				
	Ms Nosicelo Bobelo/Tyasi				
	Ms Brobretha Lucrecea Rooi				
	Mrs Nomthandazo Roselina Cetywayo/Landu				
	Mrs Christeleen Ephraim				
	Ms Ann Visagie				
6	<b>WARD COUNCILLOR</b>	Yes	4	4	1
	Cllr TZ Nomana				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Phathiwe Juba				
	Mr Khaya Joel				
	Mr Sindile Msebenzi				
	Mr Anele Gidion Maki				
	Mr Nicholus Sandise Goso				
	Mr Zuko Abednego Xhaso				
	Mr Mziwonke Diko				
	Ms Sisanda Primrose Qelo				
	Ms Nontando Patience Booi				
7	<b>WARD COUNCILLOR</b>	Yes	3	3	0
	Cllr RB Arnolds				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Hendry Joseph				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Eric Dampies				
	Mrs Anneline Isaacs				
	Mrs Saromeo Oliphant				
	Ms Christina Albertus				
	Mr Davey Simonse				
	Mrs Monica Ryan				
	Mr David Geduld				
	Ms Bellmordene Robson				
	Mrs Elmorie Julies				
8	<b>WARD COUNCILLOR</b>	Yes	4	4	2
	Cllr N Zikhali				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Bukelwa Mhlontlo				
	Mr Mputumi Pal Foreman				
	Ms Bulelwa Sylvia Gxowa				
	Mrs Shiela Witbooi				
	Mr Sinokolo Melvin Godlo				
	Ms Nonceba Doreen Mphepeto				
	Ms NO Johnson				
	Mr Mbulelo Mcimbi				
	Ms Ntomboxolo Godongwana				
	Mr M Ngontsolo				
9	<b>WARD COUNCILLOR</b>	Yes	2	2	0
	Cllr TC Mangena				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Esteline Thandiwe Xayimpi				
	Ms Sandisiwe Cynthia Martins				
	Mr Vuyo Bulani				
	Ms Ntasa Adoro				
	Mrs Nomakhwezi Siko				
	Mr Mongezi Dlwathi				
	Ms Nozuko Grace Ngqolobe				
	Mr Lubabalo Skeyi				
	Mrs Noncithakalo Tayitayi				
	Mr Monwabisi Vunguvungu				
10	<b>WARD COUNCILLOR</b>	Yes	4	4	2
	Cllr C Kearns				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Jovan Cupido				
	Mr Berend Boltman				
	Mrs Audrey Mackay				
	Ms Jocelyn Legolie				
	Mr Henrich Appollis				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Ms Maureen Cameron				
	Mr Grant Theo Williams				
	Ms Lauren Hendricks				
	Mr Williams Kearns				
	Ms Chene Rooks				
11	<b>WARD COUNCILLOR</b>	Yes	3	3	2
	CIlr AC Stowman				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Karel Jacobs				
	Ms Samantha Maarman				
	Mr Henry Jacobs				
	Ms Narylin Links				
	Mr Willem Johannes Mettler				
	Ms Sophia Jacobs				
	Mr Johan Efraim				
	Mr Randall Africa Manuel				
	Ms Leandra Smith				
	Mrs Sindiswa Daphney Allah				
	<b>WARD COUNCILLOR</b>				
	CIlr M Nobula				
12	<b>WARD COMMITTEE MEMBERS</b>	Yes	2	2	1
	Mr Zolile William Mafila				
	Mr Monwabisis Lawrence Lolwana				
	Ms Lityshia Kwili				
	Mrs Elda Matobs Mtose				
	Mrs Gladys Maseng				
	Mr Charles Mzimkhulu Mtiya				
	Mrs Noluthando Hazel Rasmeni				
	Ms Nonzaliseko Mateta				
	Mrs Masentle Lakaje				
	Mr Dumile Conana				
	<b>WARD COUNCILLOR</b>				
	CIlr S Ross				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Rashud Hendrikse				
13	Mrs Angelique Mamani	Yes	2	2	1
	Ms Veronica Koopman				
	Ms Lillian Jantjies				
	Mrs Muneebah Jannicke				
	Mrs Juliana Tessa Demas				
	Ms Angelina Solomon				
	Ms Sonia Falmer				
	Mrs Wilhelmina Fourie				



Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
14	<b>WARD COUNCILLOR</b>	Yes	4	4	1
	Cllr J de Wet				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Nomathumeka Fakwa				
	Mr Ayanda Ringane				
	Mr David Linee				
	Mrs Rosette Warries				
	Mr Kelvin Festus				
	Ms Georgelene Kermis				
	Mrs Nokubonga Majola				
	Mr Mlindeli Wiseman Ntunja				
	Ms Brenda von Willingh				
	Mrs Cynthia Philander				
	Mr Joey Jaugh				
15	<b>WARD COUNCILLOR</b>	Yes	1	1	1
	Cllr LW Niehaus				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Christina Elizabeth Niehaus				
	Mr Willem Serdyn				
	Mrs Maria Whitehead				
	Mrs Elsje Anne Kruger				
	Mr Louis Herold Louw				
	Mrs CA Louw				
	Mr Ludwig Thiar				
	Mr E Mouton				
	Ms M Haasbroek				
	Mrs Em-Em Zaayman				
16	<b>WARD COUNCILLOR</b>	Yes	2	2	2
	Cllr D Blanckenberg				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Hazl Ngcanga				
	Mr Phumthumile Ntshayi				
	Ms BJ Mbenenge				
	Mr Mlungiseleli Ndara				
	Ms Nolu Thando Maseti				
	Mr Simphiwe Tyhulu				
	Mr Khuthula Majangaza				
	Mr Micheal Madubela				
	Mr Khalima Frans				
17	<b>WARD COUNCILLOR</b>	Yes	3	3	1
	Cllr H Matthee				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Beatrice Kachu				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Ms Orechia Appolis				
	Mr Faried Williams				
	Mr Johannes Heyns				
	Mr Thomas Spies				
	Ms Mina Kock				
	Mrs Annelize Van Rooyen				
	Mrs Hendrik Johannes Venter				
	Ms Denisia Smith				
18	<b>WARD COUNCILLOR</b>	Yes	4	4	2
	ClIr AML Buckle				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Karen Barnard				
	Mr Werner Scheidler				
	Mrs Johanna Schweidler				
	Ms Lezaan Chermenay Adams				
	Mr Jean-Claude Le Cordeur				
	Mr Jerry Swarts				
	Mrs Nozizwe Zicina Mosala				
	Mr Jean Pierre Joubert				
	Mr Kerneels Klaasens				
	Mr HED Du Plessis				
19	<b>WARD COUNCILLOR</b>	Yes	3	3	1
	ClIr T Bester				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr H.J Du Toit				
	Ms Johene Van Wyk				
	Ms Coleen Wessels				
	Mrs JE Swanepoel				
	Mr Hendrik Maree Coetzee				
	Mr AV Harris				
	Mr Willem Esterhuizen				
	Ms Elizabeth Regina Theron				
	Mr Johannes Andrews				
	Ms Johanna Jacoba du Toit				
20	<b>WARD COUNCILLOR</b>	Yes	3	3	0
	ClIr P Cupido				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Marshall Alexander				
	Ms Jennifer Botha				
	Ms Alida Meyer				
	Mr Dillan Noag				
	Mr Aubrey Adams				
	Ms Alecia Francke				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mrs Elliose Daniels				
	Mr Eden Watts				
	Mrs Lenie Borings				
	Mrs Rochelle Bam				
21	<b>WARD COUNCILLOR</b>	Yes	3	3	2
	Cllr E Gouws				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Margaret Wildschut				
	Mr Johnley Muller				
	Mrs Rosaline Rossouw				
	Mrs CC Diedericks				
	Mrs Mary-Ann Leon				
	Ms Cherie Williams				
	Ms Alima Ficks				
	Ms Marinda Paulse				
	Mr Isak John de Kok				
	Ms Marlene Fisher				
22	<b>WARD COUNCILLOR</b>	Yes	3	3	0
	Cllr F Cupido				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Steven Frolicks				
	Mrs Mary Alexander				
	Ms Lenise Speelman				
	Mr Grahams Rooks				
	Mrs Cheryl Bothma				
	Ms Rozanne Botha				
	Mr Auben Nomdoe				
	Mr D Arendse				
	Mrs Esmeralda Solomon				
23	<b>WARD COUNCILLOR</b>	Yes	4	4	3
	Cllr F Jacobs				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Cathleen Van Reenen				
	Mrs Ruth Williams				
	Mrs Elizme Du Toit				
	Mrs Jacoba Isobel Heunis				
	Mr Leslie Watson				
	Mr Nicholaas Petrus Smit				
	Mrs Susanna Marx				
	Mr Julian Cupido				
	Mr Neels Jacobs				
	Mr John Williams				
	Ms Karen Adams				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
24	<b>WARD COUNCILLOR</b>	Yes	3	3	0
	Cllr MM Adriaanse				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Rachel Andrews				
	Mr Jonathan Fredericks				
	Mrs Brysina Kruger				
	Mrs Selma Jolanda Claasen				
	Mr Edward John Rudolf				
	Mrs Anthia Caren Claasen				
	Mr Micheal Solomon Nathan				
	Ms Eileen Bowers				
	Mrs Mina Scheepers				
25	<b>WARD COUNCILLOR</b>	Yes	3	3	3
	Cllr L van Niekerk				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Mark Andrew Lackay				
	Ms Christolene Vries				
	Mr JL Fillies				
	Ms Sheila September				
	Ms Rachel Kroutz				
	Ms Vernita Poggenpoel				
	Ms Carmen Ludick				
	Mrs Maureen Kulsen				
	Ms Kim-Dee Ontong				
	Mrs Regina Cupido				
26	<b>WARD COUNCILLOR</b>	Yes	3	3	4
	Cllr J Anderson				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Sarah Theresa Links				
	Ms Chante Leigh Hendricks				
	Mr Warie Retief				
	Ms Chanel Williams				
	Mrs Catherine Williams				
	Ms Monique Booysen				
	Ms Serine Pauline Sheldon				
	Ms Lillian				
	Ms Jacoba P				
	Ms De Wee				
27	<b>WARD COUNCILLOR</b>	Yes	4	4	3
	Cllr V Booysen				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mrs Karin Hendricks				
	Mr Johannes Daniels				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mr Maans Brown				
	Ms Dawn Frans				
	Ms Wilhelmina Hendricks				
	Mrs Magdalena Botha				
	Mr Karools Isaacs				
	Mrs Doreen Kilowan				
	Ms Gwendolene Davids				
	Mrs Angela Brown				
28	<b>WARD COUNCILLOR</b>	Yes	3	3	1
	Cllr RH van Nieuwenhuyzen				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Tom Cowie				
	Mr Sidney Johannes				
	Ms Angelique Milly Stevens				
	Ms Katrina Adams				
	Mrs Dina Magrieta Johnson				
	Mr Japie H Arendse				
	Mr Japie Cupido				
	Mrs Cecillia Mitchell				
	Mr John-Hilton Stevens				
	Mrs Regina Moses				
29	<b>WARD COUNCILLOR</b>	Yes	3	3	3
	Cllr L Willemse				
	<b>WARD COMMITTEE MEMBERS</b>				
	Mr Nicholaas Mettler				
	Mrs Sonia Appollis				
	Mr Robert Batam				
	Ms Beulah Jacobs				
	Mr Basil Arendse				
	Mr Jonathan Liebenberg				
	Mrs Marjorie Zyster				
	Mr Avron Appollis				
	Mr William Moses Walters				
30	<b>WARD COUNCILLOR</b>	Yes	2	2	0
	Cllr J Smit				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Maria Regina Carolus				
	Ms Sophia Evelyn Wessels				
	Ms Suzette Nicolene Scholtz				
	Ms Christina Johanna Visagie				
	Ms Sophie Pauline Visagie				
	Mr Daniel Andreas Kotze				
	Mr John Jacob Peters				

Ward Number	Name of Ward Councillor and elected Ward Committee Members	Committee established Yes/No	Number of monthly Committee meetings held during the year	Number of Monthly Reports submitted to Speaker's Office on time	Number of quarterly public Ward Meetings held during the year
	Mrs Anna Aletta De Vries				
	Ms Chandre Blaauws				
	Mr Marcello Serfontein				
31	<b>WARD COUNCILLOR</b>	Yes	4	4	0
	Cllr G Ford				
	<b>WARD COMMITTEE MEMBERS</b>				
	September Adam				
	Gavin Lakey				
	Denah Smett				
	Andre Snyders				
	Rebecca Appollis				
	Natalie Heynes				
	Willcarine Matthew				
	Alette van Staden				
	Willem Syster				
	Rita Andreas				
32	<b>WARD COUNCILLOR</b>	Yes	4	4	3
	Cllr LV Nzele				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Margaret Joubert				
	Mr Xolile Qebe				
	Mr Desmond Phakamisa Mbotyi				
	Ms Sebatatso Binca				
	Mrs Bettie Cupido				
	Mrs Nomathandazo Tshona				
	Mrs Nomampodomise Gladys Sampo				
	Mrs Nonceba Moloinyane				
33	<b>WARD COUNCILLOR</b>	Yes	3	3	3
	Cllr S September				
	<b>WARD COMMITTEE MEMBERS</b>				
	Ms Anna Skattie				
	Mrs Reginia Hanekom				
	Ms Luzaan L Steyn				
	Mr Louise Martin				
	Mr Louise Steyn				
	Ms Gazelle Wendy Leo				
	Ms Joyce Kroutz				
	Mrs Rensia Hendricks				
	Ms Katy Van Wyk				
	Ms Marilyn Abrahams				

## ANNEXURE F: WARD INFORMATION

**Table 186: Ward - Capital Projects**

Ward Title: All Wards				
Capital Projects: Ten largest 2020/2021 (Full list in Appendix N)				
Serial No.	Project Name and Detail	Start date	End date	Total value
Column Ref	A	B	C	D
1	Upgrading Of Oosbosch Street	1-Jul-20	30-Jun-21	56,511,998.93
2	New Connections BICLs	1-Jul-20	30-Jun-21	29,097,211.05
3	Electrification Housing Projects	1-Jul-20	30-Jun-21	0.00
4	Basic Services : Schoongezicht Emergency Housing Project	1-Jul-20	30-Jun-21	10,690,947.93
5	Replacement: Dalwes Substation	1-Jul-20	30-Jun-21	9,249,991.75
6	Replace/Upgrade Water Reticulation System	1-Jul-20	30-Jun-21	8,435,487.46
7	Replace /Upgrade Sewerage Systems Paarl	1-Jul-20	30-Jun-21	7,582,876.89
8	Extension of Basic Services: Informal Settlements Water	1-Jul-20	30-Jun-21	6,744,215.60
9	Upgrade Swimming Pools	1-Jul-20	30-Jun-21	6,544,851.78
10	Reseal of Streets/Road Network Paarl	1-Jul-20	30-Jun-21	0.00
None of the seven largest capital projects were allocated to a specific ward. Capital projects benefited more than one ward. See Appendix N.				

**Table 187: Basic Service Provision**

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	76,024	74,725	42,642	42,642	
Households without minimum service delivery	297	1,596	0	0	
Total households*	76,321	76,321	42,642	42,642	
Houses completed in year					357
Shortfall in housing units					20,371
*Indicating service points					

**Table 188: Top four Service Delivery Priorities**

Top four Service Delivery Priorities (Highest priority first)		
No.	Priority name and detail	Progress during 2020/21
1	Housing	357 opportunities provided.
2	Electricity	7.53% electricity losses
3	Skills development	Phase 2 of the Local Contractor Development Programme has been implemented. 8 Beneficiaries completed the programme successfully.
4	Job creation	2,146 work opportunities created, consisting of 78 on capital projects, 342 on ward projects and 1,726 on EPWP projects.

## ANNEXURE G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Table 189: Municipal Audit Committee Recommendations

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
27/08/2020	<p><b><u>Internal Audit</u></b></p> <p>The Audit Committee considered the IA quarterly progress report for the 4th quarter 2019/20. The CAE presented the Internal Audit progress report for quarter 4 and referred to the achievement against the key performance indicators. While the 4th quarter was partly in full lockdown, the internal audit processes continued. She stated that all Quarter 4 targets reported to the AC have been achieved and this includes the completion of the Internal Audit Plan for the said financial year, except for the Cyber Security audit that was reprioritized for the 2020/21 financial year. Audits in respect of Food Security, Housing Projects and OHASA Covid-19 Compliance, have been included in the new financial year plan. The AC approved the Internal Audit plan for the 2020/21 financial year in July 2020.</p>	28/10/2020
	<p><b><u>Review of Quarter 4 Performance Information:</u></b></p> <p>The CAE presented the assessment of the Quarter 4 performance information report and stated that it was still a difficult quarter to audit due to the lockdown. Audits were limited by the documentation availability, and closer to the end of the financial year when people started to return to work, the audit processes could be enhanced. Challenges were also experienced with obtaining the necessary management comments. The audit report highlights the indicators that require further management attention.</p>	
	<p><b><u>External Audit Process:</u></b></p> <p>Due to the COVID 19 lockdown, a 2-month extension on the submission of the 2019/2020 Annual Financial Statements to the AG by the Municipality was granted. The lockdown resulted in delays of the AG audits and the AC is awaiting the detail audit plan from the AG. The AG has an expanded mandate from the 2019-2020 financial year, which allows for the identification of material irregularities: The type of material irregularity to be identified and reported – Any non-compliance with, or contravention of, legislation. Fraud, theft or a breach of fiduciary duty that resulted in, or is likely to result in a material financial loss. The material irregularity process is implemented at selected auditees (phase in approach) by the AG; those that represent a significant portion of the expenditure budget and the irregular expenditure of national, provincial and local government, including state owned entities. The selection is also focused on auditees that are key contributors to the government priorities. Drakenstein Municipality was selected as one of the auditees for this purpose.</p>	



Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<p><b><u>Risk Management:</u></b></p> <p>The Fraud and Risk Management Committee (FARMCO) did not meet since the last Audit Committee Meeting and therefore did not have a formal report or minutes of FARMCO for the Audit Committee to consider. FARMCO met the day after the Audit Committee meeting and the Chief Risk Officer informed the AC that no new risk has emerged and that the “new” normal is being analyzed to consider all possible risk facing Drakenstein Municipality.</p>	
<b>03/12/2020</b> <b>13/11/2020</b> <b>22/10/2020</b>	<p><b><u>Internal Audit:</u></b></p> <p>The Audit Committee considered the IA quarterly progress report for the 1st quarter of financial year 2020/21. The CAE presented the Internal Audit progress report for quarter 1 and referred to the achievements against the key performance indicators. While the 1<sup>st</sup> quarter productivity was still partly affected by lockdown, the internal audit processes continued. She stated that all Quarter 1 targets have been achieved. As it relates to the Cyber Security audit that was reprioritised for the 2020/21 financial year, the AC was informed that the audit will be executed by January 2021. The COVID-19 grants audit was completed with no significant findings and according to the audit report, the grants were utilised in accordance with the conditions of the respective grants. The audit in respect of Food Security was in the planning stage and audit fieldwork commenced in the 2<sup>nd</sup> quarter. The Housing Projects Review and the Contract Management audits were completed and presented to the AC revealing a need for improvement and an unsatisfactory assessment as it relates to the system of internal controls. Management committed themselves to address corrective actions. The Inventory Count audit was also completed and reveals a satisfactory result.</p>	<b>26/02/2021</b>
	<p><b><u>Review of 1st Quarter Performance Information:</u></b></p> <p>The CAE presented the assessment of the Q1 performance information report, which is a legislative audit required. The overall audit conclusion on the System of internal control revealed a satisfactory result, with a recommendation that management always review the portfolio of evidence.</p>	
	<p><b><u>External Audit Process</u></b></p> <p>Due to the COVID-19 lockdown, a 2-month extension on the submission of the 2019/2020 Annual Financial Statements to the AG by the Municipality was granted. The lockdown resulted in delays of the AG audits and the AC met with AG at a special meeting in November 2020 to review the external audit strategy. The external audit completion is planned for February 2021 with the final audit report expected by 28 February 2021. While a member of the AG audit team was unfortunately tested positive for COVID-19 in November 2020, the entire team had to work remotely for a while. The AG gave the AC the comfort that the audit will still be completed according to plan.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<p><b><u>Annual Financial Statements and Annual Performance Report for year end 30 June 2020:</u></b></p> <p>The AC reviewed the draft AFS of the Municipality for the June 2020 year-end at a meeting in October 2020. The AC gave various inputs on the AFS to management including suggested enhancements. Reviewing the AFS with the Annual Performance Report, the AC once again expressed concern over the municipality's gearing, however management felt comfortable that it is under control and that the associated risk is being managed. Furthermore, the AC raised concern on the uncertainty of the impact of COVID-19 on the municipality subsequent to the year end. While uncertainty prevail, management will have to assess the impact on an ongoing basis. Management committed to such assessments.</p>	
	<p><b><u>MFMA Section 71 Report:</u></b></p> <p>The report was presented and AC acknowledged management efforts to control the budget and the financial position of the Municipality. The AC advised that the municipality revisit the current budget to consider the possible drop in income and grants.</p>	
	<p><b><u>Risk Management:</u></b></p> <p>The Chief Risk Officer (CRO) reported on risk management considered by the Fraud and Risk Management Committee (FARMCO). FARMCO met and the CRO informed the AC that no new risk has emerged and that the "new" normal is being analysed to consider all possible risk facing Drakenstein Municipality. However strategic risks such as urbanisation and power outages need a review once again. Combined assurance was recently added to the Risk Management function. The Provincial Treasury identified Drakenstein as the pilot project for the roll-out of Combined Assurance (CA) and a conditional grant was provided to fund the appointment of a service provider to commence the roll-out. The CRO informed the AC that the focus for the new year is to facilitate risk assessments for all functional areas, which will enable implementation of the full Combined Assurance model.</p>	
<p><b>26/03/2021 02/03/2021</b></p>	<p><b><u>Internal Audit</u></b></p> <p>The Audit Committee considered the IA quarterly progress report for the 2nd quarter of the financial year 2020/21. The CAE presented the Internal Audit progress report for quarter 2 and referred to the achievements against the key performance indicators. While the 1st quarter productivity was still partly affected by lockdown, the 2<sup>nd</sup> quarter seems to operate on a "normal basis" and internal audit processes continued. She stated that all Quarter 2 targets have been achieved.</p> <p>The following audits were completed in Quarter 2:</p> <ul style="list-style-type: none"> <li>• Functionality of the Performance Management System 2019/20;</li> <li>• Compliance with the Municipal Systems Act;</li> <li>• Food Security;</li> <li>• Occupational Health and Safety;</li> </ul>	<p><b>31/05/2021</b></p>

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<ul style="list-style-type: none"> <li>• Declaration of Councillor Interests; and</li> <li>• Financial Controls.</li> </ul> <p>As it relates to the ICT audits additional funding was made available in the adjustment budget to complete the ICT audits. The Cyber Security audit was executed and the draft report was issued to management for comment. The AC awaits the final report.</p> <p>The overall assessment on the system of internal controls relating to the completed audits listed above indicates needs improvement, with the audit assessment on compliance with the Municipal System Act being satisfactory. The Food Security audit reveals instances where beneficiaries receive both food parcels and food vouchers and the service providers were unable to provide internal audit with requested reports. Internal Audit was requested to perform the necessary procedures on outstanding matters.</p> <p>The AC met on 26 January 2021 to consider the IA Plan for the current financial year and noted that no amendments are required in respect of the IA Plan approved in July 2020. Internal Audit must consider the need for amendments to the IA Plan on a quarterly basis.</p> <p><b><u>Review of 2nd Quarter Performance Information</u></b></p> <p>The CAE presented the assessment of the Q2 performance information report, which is a legislative audit required. The overall audit conclusion on the system of internal control indicated a need for improvement, with a recommendation that key performance indicators at departmental level be improved to focus more on the core business of the department instead of generic administrative type indicators.</p> <p><b><u>External Audit</u></b></p> <p>The external audit for 2019/2020 financial year was completed in February 2021 with the final audit report issued in early March 2021. The AC provided guidance on certain audit management letter points without interfering in management responsibility. The audit outcome was unqualified. Due to the delay in the external audit as a result of COVID 19, the AC has requested Management to carefully plan the audit for the current financial year as the tight timeframe from 2019/2020 audit to 2020/2021 audit may be demanding.</p> <p><b><u>Annual Report 2021/20</u></b></p> <p>The Audit Committee met on 26<sup>th</sup> March 2021 to review the annual report and provided substantial input to enhance certain information and disclosures. Management welcomed the input and committed themselves to the proposed enhancements.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<p><b><u>MFMA Section 17 Report:</u></b></p> <p>The report was presented and the AC acknowledged management efforts to control the budget and the financial position of the Municipality. The AC advised that management monitor the financial position of the Municipality on an on-going basis with utmost caution.</p> <p><b><u>Risk Management:</u></b></p> <p>The Chief Risk Officer (CRO) reported on risk management considered by the Fraud and Risk Management Committee (FARMCO). FARMCO met and the CRO informed the AC that the risk management process is well under control, and that the “new” normal is being analysed to consider all possible risks facing Drakenstein Municipality on an on-going basis. The combined assurance project roll-out is still on track. The results thereof are awaited.</p>	
25/05/2021	<p><b><u>Internal Audit:</u></b></p> <p>The Audit Committee considered the IA quarterly progress report for the third quarter of the financial year 2020/21. The Chief Audit Executive presented the Internal Audit Progress Report for quarter 3 and referred to the achievements against the key performance indicators; reflecting that all Quarter 3 targets have been achieved. However, the overall actual percentage completion of the approved audit plan for the year was slightly behind, due to staff sick leave and a delay in obtaining information. The AC was given the assurance by the CAE that the plan will be completed by year-end.</p> <p>The following audits were completed in quarter 3:</p> <ul style="list-style-type: none"> <li>• Annual Report Review</li> <li>• Leave Management and Succession Planning; and</li> <li>• Cyber Security.</li> </ul> <p>The overall assessment on the system of internal controls relating to the completed audits listed above indicates needs improvements for the Annual Report review, and the Leave Management audits. The audit assessment on Succession Planning was unsatisfactory, mainly due to the succession planning process not being finalised. As a result Internal Audit was unable to confirm whether HR identified candidates for succession planning. Furthermore, Internal Audit could not trace the development plans/goals of employees’ personal career paths. The overall conclusion on the Cyber Security control environment requires significant improvement to ensure the related risks are properly managed and controlled. Management has provided the AC with the assurance that the necessary remedial action plans will be implemented to address the audit findings. The AC has requested that the Fraud and Risk Management Committee review and interrogate the Cyber Security report, and provide guidance on the risk management action plans. The AC reviewed the outstanding follow up audits and expressed concern over some long</p>	25/08/2021

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<p>outstanding audit action plans. Management has committed to addressing these.</p> <p><b><u>Review of 3rd Quarter Performance Information</u></b></p> <p>The CAE presented the assessment of the Q3 performance information report. The overall audit conclusion on the system of internal control indicated a need for improvement to the usefulness of the planned performance information and a satisfactory assessment on the reliability of reported performance results. Management indicated that the usefulness of the key performance indicators is being reviewed and that an IDP Performance Management Committee has been established to address amongst others, the issues raised.</p> <p><b><u>MFMA Section 71 Report</u></b></p> <p>The CFO presented the S71 report for April 2021, stating that the cash flow is currently positive. The CFO indicated that in December 2022 the municipality needs to start with redemption of the capital on the external loans. The AC has requested proper planning for this process. The AC acknowledged management efforts to control the budget and financial position. The AC advised management to review the Investment policy as certain practices have changed in the market place i.e. no more cheques usage.</p> <p><b><u>Risk Management</u></b></p> <p>The CRO presented the risk management update and reported on the overall opinion on the risk management process within the municipality, opinion on emerging risk and the movement of risks and the opinion on risks with a financial impact. The CRO pointed out the progress made with the implementation of actions to mitigate risks and informed the AC that the risk management process is well under control. The CRO also confirmed that the departments have provided feedback to FARMCO on their top risks and it was included in the annual risk assessment. The CRO provided an update on the Combined Assurance implementation project, indicating that the process is ongoing and the consultant will complete the outstanding work on the project by end June 2021.</p> <p><b><u>Irregular, Unauthorised, Fruitless and Wasteful Expenditure</u></b></p> <p>The CFO reported on the unauthorised expenditure that was incurred as a result of overspending of the total amount appropriated for a vote in the approved budget. It related to the capitalisation of interest as a result of the restructuring of external loans. The AC was informed that an item will be presented to MPAC to deal with the write-off of the amount. The CFO further referred to the construction of new facilities at Pelikaan Street Stadium, Wellington. In respect of this item, an extension of work was done at the facility without prior approval by the delegated authority. The item was presented at MPAC and it will be tabled at the next Council Meeting. All relevant items will be presented at the MPAC in July 2021 as these need to be dealt with before the compilation of the AFS.</p>	

Municipal Audit Committee Recommendations		
Meeting Date	Recommendations during 2020/21	Adopted by Council on
	<p><b><u>Municipal Structures Act</u></b></p> <p>The AC raised an issue regarding the Municipal Structures Act, Section 79A 3(b) that proposes amendments to the responsibilities of an MPAC. The ED Corporate Services will follow-up on the status of the legislation and provide feedback on the impact of the legislation.</p>	

## ANNEXURE H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

**Table 190: Long-term Contracts (Eight largest contracts active in 2020/21)**

Long-term Contracts (Largest Contracts active during 2020/2021)						
Serial No.	Name of Service Provider (Entity or Municipal)	Description of service rendered by the Service Provider	Start date of contract	Contract completion date	Project Manager	Contract Value Award amount (including contingencies and including VAT)
Column Ref	A	B	C	D	E	F
1	Stefanutti Stocks Civils (Pty) Ltd	Upgrade and Extension of the Wellington Waste Water Treatment Works to 16mld: Civil Works.	11-Dec-15	14-Oct-21	G Bredenkamp	368,174,839
2	Motheo Construction Group	Upgrading of Bulk Electricity Supply and internal services for Phase 1 of the Vlakkeland Housing Development in Paarl.	5-Oct-18	8-Oct-20	D Gabriels	26,522,450.00
3	Martin & East (Pty) Ltd	Upgrading Of Oosbosch Street Between Berg River Boulevard and Jan Van Riebeeck Drive.	28-Aug-19	30-Nov-21	C Lotz	118,407,907.00

**Table 191: Public Private Partnerships entered into 2020/21**

Public-Private Partnerships entered into 2020/21					
R'000					
Name and description of project	Name of partner(s)	Initiation date	Expiry date	Project manager	Value 2018/19
No PPP entered into during the year under review					

## ANNEXURE I: DISCLOSURES OF FINANCIAL INTEREST

The councillors declared in terms Schedule 1 to the Municipal Systems Act 2000 (Act 32 of 2000) (Item 7) their financial interest held:

- (a) Shares and securities in any company;
- (b) Membership of any close corporation;
- (c) Interest in any trust;
- (d) Directorships;
- (e) Partnerships;
- (f) Other financial interests in any business undertaking;
- (g) Employment and remuneration;
- (h) Interest in property;
- (i) Pension; and
- (j) Subsidies, grants and sponsorships by any organisation.

**Table 192: Disclosure of Financial Interests**

Disclosure of Financial Interests		
Period 1 July 2020 to 30 June 2021		
No	Position	Name
<b>Executive Mayor</b>		
1	Executive Mayor	Ald CJ Poole
<b>Deputy Executive Mayor</b>		
2	Deputy Executive Mayor	Ald GC Combrink
<b>Members of the Mayoral Committee:</b>		
3	Portfolio: Rural Management	MA Andreas
4	Portfolio: Social Services	E Gouws
5	Portfolio: Environment, Parks and Open Spaces	C Kearns
6	Portfolio: Engineering Services	Ald JF le Roux
7	Portfolio: Planning and Development	Adv J Miller
8	Portfolio: Corporate Services	LP Mokoena
9	Portfolio: Public Safety	Ald R Smuts
10	Portfolio: Sport, Recreation, Arts and Culture	LT van Niekerk
11	Portfolio: Communication and IGR	RH van Nieuwenhuyzen
12	Portfolio: Human Settlement and Property Management	L Cyster
<b>Speaker</b>		
13	Speaker	AC Stowman
<b>Chief Whip</b>		
14	Chief Whip	RA Koegelenberg



Disclosure of Financial Interests		
Period 1 July 2020 to 30 June 2021		
No	Position	Name
Councillors:		
15	Councillor	MM Adriaanse
16	Councillor	AF Afrika
17	Councillor	JV Anderson
18	Councillor	RB Arnolds
19	Councillor	A Bekeer
20	Councillor	TG Bester
21	Councillor	DS Blanckenberg
22	Councillor	VC Booysen
23	Councillor	AML Buckle
24	Councillor	FP Cupido
25	Councillor	PBA Cupido
26	Councillor	CO Davids
27	Councillor	HR de Goede
28	Councillor	J de Wet
29	Councillor	BP Duba
30	Councillor	GH Ford
31	Councillor	NN George
32	Councillor	F Jacobs
33	Councillor	SX Jonas
34	Councillor	MT Klaas
35	Councillor	HJ Kotze
36	Councillor	C Kroutz
37	Councillor	L Landu
38	Councillor	MJ le Hoe
39	Councillor	A Luggola
40	Councillor	TC Mangena
41	Councillor	ZL Masoka
42	Councillor	HJN Matthee
43	Councillor	NP Mbenene
44	Councillor	MN Mdunusie
45	Councillor	WPD Meyer
46	Councillor	TR Mpulanyana
47	Councillor	RH Nell
48	Councillor	LW Niehaus
49	Councillor	MD Nobula

Disclosure of Financial Interests		
Period 1 July 2020 to 30 June 2021		
No	Position	Name
50	Councillor	TZ Nomana
51	Councillor	LV Nzele
52	Councillor	SC Rens
53	Councillor	AM Richards
54	Councillor	B Rix
55	Councillor	S Ross
56	Councillor	LS Sambokwe
57	Councillor	ND Sauerman
58	Councillor	SE September
59	Councillor	J Smit
60	Councillor	EA Solomons
61	Councillor	AJ van Santen
62	Councillor	M Vika
63	Councillor	EJ Windvogel
64	Councillor	N Zikhali
65	Councillor	D Mintoer

## ANNEXURE J: REVENUE COLLECTION PERFORMANCE

### ANNEXURE J (I): REVENUE COLLECTION BY VOTE

**Table 193: Revenue Collection Performance by GFS Vote \***

Revenue Collection Performance by Vote							
Serial No.	Vote Description	2019/2020	2020/2021			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Executive and Council	98,252	392,424	592,847	1,636,659	317.06%	176.07%
2	Budget and Treasury Office	11,075,571	382,351,993	413,476,324	460,048,852	20.32%	11.26%
3	Corporate Services	0	0	0	0	0.00%	0.00%
4	Comm. and Social Services	2,361,281	4,106,062	5,293,062	5,848,486	42.44%	10.49%
5	Sports and Recreation	22,855,720	6,631,802	6,631,802	3,218,802	-51.46%	-51.46%
6	Public Safety	2,788,738	99,262,115	157,090,046	149,674,621	50.79%	-4.72%
7	Housing	33,733,882	114,060,897	30,327,550	30,454,222	-73.30%	0.42%
8	Health	0	0	0	0	0.00%	0.00%
9	Planning and Development	282,742	5,001,572	9,360,418	9,786,750	95.67%	4.55%
10	Road Transport	57,165,823	72,849,572	72,849,572	59,367,928	-18.51%	-18.51%
11	Envoromental Protection	0	0	0	0	0.00%	0.00%
12	Electricity	53,542,646	1,335,520,584	1,349,350,148	1,302,171,803	-2.50%	-3.50%
13	Water	51,574,113	188,366,841	182,588,345	171,419,757	-9.00%	-6.12%
14	Waste Water	31,529,734	206,665,892	200,031,111	200,368,548	-3.05%	0.17%
15	Waste Management & Solid Waste	2,539,340	184,149,247	181,985,185	183,531,516	-0.34%	0.85%
16	Other	210,000	0	0	0	0.00%	0.00%
17	<b>Total revenue by vote</b>	<b>269,547,842</b>	<b>2,599,359,001</b>	<b>2,609,576,410</b>	<b>2,577,527,944</b>	<b>-0.84%</b>	<b>-1.23%</b>

\* - Agrees to Appendix B1 to the Annual Financial Statements

## ANNEXURE J (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

**Table 194: Revenue Performance by Source**

Revenue Collection Performance by Source							
Serial No.	Description	2019/2020	2020/2021			Positive / (Negative) % Variance	
		Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Column Ref.	A	B	C	D	E	F	G
1	Property rates	311,891,562	331,536,704	342,977,305	343,711,356	3.67%	0.21%
2	Property rates – penalties and collection charges	852,305	1,190,831	1,059,876	1,060,460	0.00%	0.00%
3	Service Charges – electricity revenue	1,171,403,016	1,253,689,815	1,249,678,882	1,222,752,400	-2.47%	-2.15%
4	Service Charges – water revenue	163,949,277	170,240,860	163,026,981	152,068,099	-10.67%	-6.72%
5	Service Charges – sanitation revenue	116,383,958	127,030,452	121,948,818	123,949,293	-2.43%	1.64%
6	Service Charges – refuse revenue	124,369,960	136,635,580	128,312,036	128,407,303	-6.02%	0.07%
7	Service Charges – other	0	0	0	0	0.00%	0.00%
8	Rentals of facilities and equipment	15,991,036	15,565,690	5,835,106	5,190,131	-66.66%	-11.05%
9	Interest earned – external investments	6,140,577	6,000,000	6,000,000	5,215,173	-13.08%	-13.08%
10	Interest earned – outstanding debtors	6,421,577	9,148,643	7,154,188	7,084,610	-22.56%	-0.97%
11	Dividends received	12,600	0	0	7,560	0.00%	0.00%
12	Fines	82,126,344	79,895,534	137,673,465	128,602,941	60.96%	-6.59%
13	Licenses and permits	20,240,886	3,894,494	18,017,754	20,628,984	429.70%	14.49%
14	Agency services	0	0	0	0	0.00%	0.00%
15	Transfers recognised – operational	193,365,938	264,814,589	228,094,470	220,606,267	-16.69%	-3.28%
16	Other operational revenue and sales of goods and services	16,208,266	29,577,006	17,442,246	35,704,093	20.72%	104.70%
17	<b>Total revenue (excluding capital transfers and contributions)</b>	<b>2,229,357,302</b>	<b>2,429,220,198</b>	<b>2,427,221,127</b>	<b>2,394,988,670</b>	<b>-1.41%</b>	<b>-1.33%</b>

## ANNEXURE K: CONDITIONAL GRANTS RECEIVED

**Table 195: Conditional Grants excluding MIG**

Conditional Grants: excluding MIG							
Serial No.	Details	Budget	Adjustment Budget	Actual	Postive / (Negative) % Variance		Major conditions applied by donor (continue below if necessary)
					Budget	Adjustment Budget	
Column Ref.	A	B	C	D	E	F	G
1	Finance Management Grant	1,550,000	1,550,000	1,550,000	0%	0%	-
2	Expanded Public Works Programme Grant	4,093,000	4,093,000	4,093,000	0%	0%	
3	Community Safety	660,000	660,000	660,000	0%	0%	
4	Community Development Workers Grant	316,591	316,591	316,591	0%	0%	
5	Thusong Centre	150,000	150,000	150,000	0%	0%	
6	Neighbourhood Development Grant	750,000	750,000	750,000	0%	0%	
7	Greenest Town Award	260,000	260,000	260,000	0%	0%	
8	Financial Management Support Grant	216,000	216,000	216,000	0%	0%	
9	Accreditation and Capacity Building Grant	238,000	238,000	238,000	0%	0%	
10	Capacity Building	300,000	300,000	300,000	0%	0%	
11	Proclaimed Roads	688,000	688,000	688,000	0%	0%	
12	Covid 19	1,187,000	1,187,000	1,187,000	0%	0%	
13	Integrated Natinal Improvement Grant	17,000,000	17,000,000	17,000,000	0%	0%	
14	Roads	72,000,000	72,000,000	72,000,000	0%	0%	
15	IIPSAS	3,048,127	3,048,127	3,048,127	0%	0%	
16	WSIG	500,000	500,000	500,000	0%	0%	
17	RSEP	1,000,000	1,000,000	1,000,000	0%	0%	
18	Accelerated Housing Grant	8,136,712	8,136,712	8,136,712	0%	0%	
19	<b>Total</b>	<b>R 112,093,430</b>	<b>R 112,093,430</b>	<b>R 112,093,430</b>	<b>0%</b>	<b>0%</b>	<b>-</b>

## ANNEXURE L: CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROJECTS

### ANNEXURE L (I): CAPITAL EXPENDITURE – NEW ASSETS

**Table 196: Capital Expenditure - New Assets**

Capital Expenditure - New Assets								
Serial No.	Description	R' 000						
		2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref.	A	B	C	D	E	F	G	H
1	<b>Capital Expenditure by Asset Class</b>							
2	<b>Infrastructure</b>	80,345	76,727	85,720	91,668	34,420	34,022	35,622
3	<b>Roads Infrastructure</b>	9,430	4,398	8,062	8,062	4,490	–	–
4	Roads	8,266	2,598	6,262	6,262	3,000	–	–
5	Road Structures	1,164	–	–	–	1,490	–	–
6	Road Furniture	–	1,800	1,800	1,800	–	–	–
7	Capital Spares	–	–	–	–	–	–	–
8	<b>Storm water Infrastructure</b>	200	–	–	–	–	–	2,500
9	Drainage Collection	200	–	–	–	–	–	2,500
10	Storm water Conveyance	–	–	–	–	–	–	–
11	Attenuation	–	–	–	–	–	–	–
12	<b>Electrical Infrastructure</b>	48,718	39,250	58,996	65,208	13,535	24,022	24,022
13	Power Plants	–	–	–	–	–	–	–
14	HV Substations	15,353	37,750	27,580	27,580	10,535	24,022	24,022
15	HV Switching Station	–	–	–	–	–	–	–
16	HV Transmission Conductors	–	–	–	–	–	–	–
17	MV Substations	1,374	–	484	484	–	–	–
18	MV Switching Stations	–	–	–	–	–	–	–
19	MV Networks	6,432	–	5,087	5,087	–	–	–
20	LV Networks	25,559	1,500	25,845	32,057	3,000	–	–
21	Capital Spares	–	–	–	–	–	–	–
22	<b>Water Supply Infrastructure</b>	7,161	24,352	3,598	3,378	5,095	10,000	–
23	Dams and Weirs	1	–	–	–	–	–	–
24	Boreholes	3,255	–	100	100	–	–	–
25	Reservoirs	–	–	–	–	–	–	–
26	Pump Stations	–	–	–	–	–	–	–
27	Water Treatment Works	3,208	23,552	–	–	–	–	–
28	Bulk Mains	–	–	–	–	–	–	–
29	Distribution	696	800	3,498	3,278	5,095	10,000	–
30	Distribution Points	–	–	–	–	–	–	–
31	PRV Stations	–	–	–	–	–	–	–
32	Capital Spares	–	–	–	–	–	–	–
33	<b>Sanitation Infrastructure</b>	10,532	8,130	11,611	11,567	10,800	–	9,100
34	Pump Station	–	–	–	–	–	–	–
35	Reticulation	10,532	8,130	11,611	11,567	10,800	–	9,100
36	Waste Water Treatment Works	–	–	–	–	–	–	–
37	Outfall Sewers	–	–	–	–	–	–	–
38	Toilet Facilities	–	–	–	–	–	–	–
39	Capital Spares	–	–	–	–	–	–	–
40	<b>Solid Waste Infrastructure</b>	1,394	–	606	606	–	–	–
41	Landfill Sites	1,394	–	606	606	–	–	–
42	Waste Transfer Stations	–	–	–	–	–	–	–
43	Waste Processing Facilities	–	–	–	–	–	–	–
44	Waste Drop-off Points	–	–	–	–	–	–	–
45	Waste Separation Facilities	–	–	–	–	–	–	–
46	Electricity Generation Facilities	–	–	–	–	–	–	–
47	Capital Spares	–	–	–	–	–	–	–

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref.	A	B	C	D	E	F	G	H
48	<b>Rail Infrastructure</b>	–	–	–	–	–	–	–
49	Rail Lines	–	–	–	–	–	–	–
50	Rail Structures	–	–	–	–	–	–	–
51	Rail Furniture	–	–	–	–	–	–	–
52	Drainage Collection	–	–	–	–	–	–	–
53	Storm water Conveyance	–	–	–	–	–	–	–
54	Attenuation	–	–	–	–	–	–	–
55	MV Substations	–	–	–	–	–	–	–
56	LV Networks	–	–	–	–	–	–	–
57	Capital Spares	–	–	–	–	–	–	–
58	<b>Coastal Infrastructure</b>	–	–	–	–	–	–	–
59	Sand Pumps	–	–	–	–	–	–	–
60	Piers	–	–	–	–	–	–	–
61	Revetments	–	–	–	–	–	–	–
62	Promenades	–	–	–	–	–	–	–
63	Capital Spares	–	–	–	–	–	–	–
64	<b>Information and Communication Infrastructure</b>	2,909	597	2,846	2,846	500	–	–
65	Data Centres	–	–	–	–	–	–	–
66	Core Layers	2,909	597	2,846	2,846	500	–	–
67	Distribution Layers	–	–	–	–	–	–	–
68	Capital Spares	–	–	–	–	–	–	–
69	<b>Community Assets</b>	7,826	7,760	6,024	5,527	600	605	460
70	<b>Community Facilities</b>	3,100	7,760	5,721	5,224	–	500	350
71	Halls	–	–	–	–	–	–	–
72	Centres	–	–	–	–	–	500	350
73	Crèches	–	–	–	–	–	–	–
74	Clinics/Care Centres	–	–	–	–	–	–	–
75	Fire/Ambulance Stations	–	–	–	–	–	–	–
76	Testing Stations	–	–	–	–	–	–	–
77	Museums	–	–	–	–	–	–	–
79	Galleries	–	–	–	–	–	–	–
80	Theatres	–	–	–	–	–	–	–
81	Libraries	659	–	–	–	–	–	–
82	Cemeteries/Crematoria	152	4,900	782	782	–	–	–
83	Police	–	–	–	–	–	–	–
84	Purls	1,689	2,860	3,676	3,179	–	–	–
85	Public Open Space	–	–	1,263	1,263	–	–	–
86	Nature Reserves	–	–	–	–	–	–	–
87	Public Ablution Facilities	–	–	–	–	–	–	–
88	Markets	–	–	–	–	–	–	–
89	Stalls	601	–	–	–	–	–	–
90	Abattoirs	–	–	–	–	–	–	–
91	Airports	–	–	–	–	–	–	–
92	Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–
93	Capital Spares	–	–	–	–	–	–	–
94	<b>Sport and Recreation Facilities</b>	4,725	–	303	303	600	105	110
95	Indoor Facilities	–	–	–	–	–	–	–
96	Outdoor Facilities	4,725	–	303	303	600	105	110
97	Capital Spares	–	–	–	–	–	–	–
99	<b>Heritage assets</b>	–	–	–	–	–	–	–
100	Monuments	–	–	–	–	–	–	–
101	Historic Buildings	–	–	–	–	–	–	–
102	Works of Art	–	–	–	–	–	–	–
103	Conservation Areas	–	–	–	–	–	–	–
104	Other Heritage	–	–	–	–	–	–	–
105	<b>Investment properties</b>	–	–	–	–	–	–	–
106	<b>Revenue Generating</b>	–	–	–	–	–	–	–
107	Improved Property	–	–	–	–	–	–	–
108	Unimproved Property	–	–	–	–	–	–	–

Capital Expenditure - New Assets								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustments Budget (after virements)	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref.	A	B	C	D	E	F	G	H
109	Non-revenue Generating	–	–	–	–	–	–	–
110	Improved Property	–	–	–	–	–	–	–
111	Unimproved Property	–	–	–	–	–	–	–
112	Other assets	5,440	3,583	829	684	8,850	19,000	20,000
113	Operational Buildings	5,440	3,583	829	684	8,850	19,000	20,000
114	Municipal Offices	4,528	–	172	172	8,850	19,000	20,000
115	Pay/Enquiry Points	–	–	–	–	–	–	–
116	Building Plan Offices	–	–	–	–	–	–	–
117	Workshops	–	–	–	–	–	–	–
118	Yards	–	–	–	–	–	–	–
119	Stores	912	2,083	657	512	–	–	–
120	Laboratories	–	–	–	–	–	–	–
121	Training Centres	–	–	–	–	–	–	–
122	Manufacturing Plant	–	–	–	–	–	–	–
123	Depots	–	1,500	–	–	–	–	–
124	Capital Spares	–	–	–	–	–	–	–
125	Housing	–	–	–	–	–	–	–
126	Staff Housing	–	–	–	–	–	–	–
127	Social Housing	–	–	–	–	–	–	–
128	Capital Spares	–	–	–	–	–	–	–
129	Biological or Cultivated Assets	–	–	–	–	–	–	–
130	Biological or Cultivated Assets	–	–	–	–	–	–	–
131	Intangible Assets	1,238	1,069	841	479	1,026	–	–
132	Servitudes	–	–	–	–	–	–	–
133	Licences and Rights	1,238	1,069	841	479	1,026	–	–
134	Water Rights	–	–	–	–	–	–	–
135	Effluent Licenses	–	–	–	–	–	–	–
136	Solid Waste Licenses	–	–	–	–	–	–	–
137	Computer Software and Applications	1,238	1,069	841	479	1,026	–	–
138	Load Settlement Software Applications	–	–	–	–	–	–	–
139	Unspecified	–	–	–	–	–	–	–
140	Computer Equipment	4,383	1,366	1,858	1,791	1,500	75	75
141	Computer Equipment	4,383	1,366	1,858	1,791	1,500	75	75
142	Furniture and Office Equipment	1,226	–	405	753	42	240	250
143	Furniture and Office Equipment	1,226	–	405	753	42	240	250
144	Machinery and Equipment	3,023	5,851	4,353	3,727	5,225	1,510	850
145	Machinery and Equipment	3,023	5,851	4,353	3,727	5,225	1,510	850
146	Transport Assets	1,270	–	1,436	1,436	7,500	–	985
147	Transport Assets	1,270	–	1,436	1,436	7,500	–	985
148	Land	14,090	–	–	–	–	–	–
149	Land	14,090	–	–	–	–	–	–
150	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
151	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
152	Total Capital Expenditure on New Assets	118,841	96,356	101,467	106,064	59,162	55,452	58,242



## ANNEXURE L (II): CAPITAL EXPENDITURE – UPGRADE PROJECTS

**Table 197: Capital Expenditure – Upgrade / Renewal Programme**

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
Column Ref.	A	B	C	D	E	F	G	H
Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024		
1	<b>Capital Expenditure by Asset Class</b>	-	-	-	-	-	-	-
2	<b>Infrastructure</b>	106,254	96,440	107,391	86,077	43,324	19,157	23,968
3	<b>Roads Infrastructure</b>	36,456	76,984	81,832	61,360	19,296	-	-
4	Roads	36,456	76,984	76,984	56,512	16,796	-	-
5	Road Structures	-	-	4,848	4,848	2,500	-	-
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
8	<b>Storm water Infrastructure</b>	-	-	-	-	-	-	-
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	-	-	-	-	-	-
11	Attenuation	-	-	-	-	-	-	-
12	Electrical Infrastructure	-	-	-	-	7,928	-	-
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	-	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	-	-	-	-	-	-
17	MV Substations	-	-	-	-	3,428	-	-
18	MV Switching Stations	-	-	-	-	1,500	-	-
19	MV Networks	-	-	-	-	-	-	-
20	LV Networks	-	-	-	-	3,000	-	-
21	Capital Spares	-	-	-	-	-	-	-
22	<b>Water Supply Infrastructure</b>	45,288	11,586	16,009	15,783	5,000	9,628	11,984
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	7,829	858	858	858	-	-	-
26	Pump Stations	-	-	-	-	-	-	-
27	Water Treatment Works	2,418	-	-	-	-	-	-
28	Bulk Mains	16,269	-	-	-	-	-	-
29	Distribution	17,772	10,628	13,813	13,588	5,000	9,528	11,984
30	Distribution Points	1,000	100	1,337	1,337	-	100	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
33	<b>Sanitation Infrastructure</b>	24,510	7,870	9,550	8,934	9,600	9,528	11,984
34	Pump Station	110	-	37	37	-	-	-
35	Reticulation	8,781	7,870	9,513	8,896	6,000	9,528	11,984
36	Waste Water Treatment Works	15,619	-	-	-	3,600	-	-
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
40	<b>Solid Waste Infrastructure</b>	-	-	-	-	1,500	-	-
41	Landfill Sites	-	-	-	-	-	-	-
42	Waste Transfer Stations	-	-	-	-	1,500	-	-
43	Waste Processing Facilities	-	-	-	-	-	-	-
44	Waste Drop-off Points	-	-	-	-	-	-	-
45	Waste Separation Facilities	-	-	-	-	-	-	-
46	Electricity Generation Facilities	-	-	-	-	-	-	-
47	Capital Spares	-	-	-	-	-	-	-
48	<b>Rail Infrastructure</b>	-	-	-	-	-	-	-
49	Rail Lines	-	-	-	-	-	-	-
50	Rail Structures	-	-	-	-	-	-	-
51	Rail Furniture	-	-	-	-	-	-	-
52	Drainage Collection	-	-	-	-	-	-	-
53	Storm water Conveyance	-	-	-	-	-	-	-
54	Attenuation	-	-	-	-	-	-	-
55	MV Substations	-	-	-	-	-	-	-
56	LV Networks	-	-	-	-	-	-	-
57	Capital Spares	-	-	-	-	-	-	-
58	<b>Coastal Infrastructure</b>	-	-	-	-	-	-	-
59	Sand Pumps	-	-	-	-	-	-	-
60	Piers	-	-	-	-	-	-	-
61	Revetments	-	-	-	-	-	-	-
62	Promenades	-	-	-	-	-	-	-
63	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref.	A	B	C	D	E	F	G	H
64	<b>Information and Communication Infrastructure</b>	–	–	–	–	–	–	–
65	Data Centres	–	–	–	–	–	–	–
66	Core Layers	–	–	–	–	–	–	–
67	Distribution Layers	–	–	–	–	–	–	–
68	Capital Spares	–	–	–	–	–	–	–
69	<b>Community Assets</b>	18,771	15,948	17,443	17,263	15,557	885	940
70	<b>Community Facilities</b>	3,011	1,737	1,995	1,995	4,051	885	940
71	Halls	490	175	–	–	160	350	400
72	Centres	–	–	–	–	–	–	–
73	Crèches	–	–	–	–	–	–	–
74	Clinics/Care Centres	–	–	–	–	–	–	–
75	Fire/Ambulance Stations	18	862	–	–	–	535	540
76	Testing Stations	–	–	–	–	–	–	–
77	Museums	–	–	–	–	–	–	–
78	Galleries	–	–	–	–	–	–	–
79	Theatres	–	–	–	–	–	–	–
80	Libraries	405	–	–	–	–	–	–
81	Cemeteries/Crematoria	1,618	–	–	–	2,391	–	–
82	Police	–	–	–	–	–	–	–
83	Parks	341	700	1,985	1,985	1,500	–	–
84	Public Open Space	–	–	–	–	–	–	–
85	Nature Reserves	139	–	9	9	–	–	–
86	Public Ablution Facilities	–	–	–	–	–	–	–
87	Markets	–	–	–	–	–	–	–
88	Stalls	–	–	–	–	–	–	–
89	Abattoirs	–	–	–	–	–	–	–
90	Airports	–	–	–	–	–	–	–
91	Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–
92	Capital Spares	–	–	–	–	–	–	–
93	<b>Sport and Recreation Facilities</b>	15,760	14,211	15,448	15,269	11,505	–	–
94	Indoor Facilities	–	–	–	–	–	–	–
95	Outdoor Facilities	15,760	14,211	15,448	15,269	11,505	–	–
96	Capital Spares	–	–	–	–	–	–	–
97	<b>Heritage assets</b>	–	–	–	–	–	–	–
98	Monuments	–	–	–	–	–	–	–
99	Historic Buildings	–	–	–	–	–	–	–
100	Works of Art	–	–	–	–	–	–	–
101	Conservation Areas	–	–	–	–	–	–	–
102	Other Heritage	–	–	–	–	–	–	–
103	<b>Investment properties</b>	–	–	–	–	–	–	–
104	<b>Revenue Generating</b>	–	–	–	–	–	–	–
105	Improved Property	–	–	–	–	–	–	–
106	Unimproved Property	–	–	–	–	–	–	–
107	<b>Non-revenue Generating</b>	–	–	–	–	–	–	–
108	Improved Property	–	–	–	–	–	–	–
109	Unimproved Property	–	–	–	–	–	–	–
110	<b>Other assets</b>	75	600	309	309	1,310	–	–
111	<b>Operational Buildings</b>	75	600	309	309	1,310	–	–
112	Municipal Offices	75	600	309	309	1,310	–	–
113	Pay/Enquiry Points	–	–	–	–	–	–	–
114	Building Plan Offices	–	–	–	–	–	–	–
115	Workshops	–	–	–	–	–	–	–
116	Yards	–	–	–	–	–	–	–
117	Stores	–	–	–	–	–	–	–
118	Laboratories	–	–	–	–	–	–	–
119	Training Centres	–	–	–	–	–	–	–
120	Manufacturing Plant	–	–	–	–	–	–	–
121	Depots	–	–	–	–	–	–	–
122	Capital Spares	–	–	–	–	–	–	–
123	<b>Housing</b>	–	–	–	–	–	–	–
124	Staff Housing	–	–	–	–	–	–	–
125	Social Housing	–	–	–	–	–	–	–
126	Capital Spares	–	–	–	–	–	–	–

Capital Expenditure – Upgrade/Renewal Programme*								
R'000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref.	A	B	C	D	E	F	G	H
127	Biological or Cultivated Assets	–	–	–	–	–	–	–
128	Biological or Cultivated Assets	–	–	–	–	–	–	–
129	Intangible Assets	–	–	–	–	–	–	–
130	Servitudes	–	–	–	–	–	–	–
131	Licences and Rights	–	–	–	–	–	–	–
132	Water Rights	–	–	–	–	–	–	–
133	Effluent Licenses	–	–	–	–	–	–	–
134	Solid Waste Licenses	–	–	–	–	–	–	–
135	Computer Software and Applications	–	–	–	–	–	–	–
136	Load Settlement Software Applications	–	–	–	–	–	–	–
137	Unspecified	–	–	–	–	–	–	–
138	Computer Equipment	–	–	–	–	–	–	–
139	Computer Equipment	–	–	–	–	–	–	–
140	Furniture and Office Equipment	–	–	–	–	–	–	–
141	Furniture and Office Equipment	–	–	–	–	–	–	–
142	Machinery and Equipment	3,532	–	–	–	–	–	–
143	Machinery and Equipment	3,532	–	–	–	–	–	–
144	Transport Assets	–	–	–	–	–	–	–
145	Transport Assets	–	–	–	–	–	–	–
146	Land	–	–	–	–	–	–	–
147	Land	–	–	–	–	–	–	–
148	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
149	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
150	Total Capital Expenditure on renewed assets	128,633	112,988	125,143	103,649	60,190	20,042	24,908

## ANNEXURE L (III): CAPITAL EXPENDITURE – RENEWAL PROJECTS

Table 198: Capital Expenditure - Renewal Programme

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2019/2020	2020/2021		Planned Capital Expenditure			
Column Ref	A	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
		B	C	D	E	F	G	H
1	Capital Expenditure by Asset Class	-	-	-	-	-	-	-
2	Infrastructure	20,507	6,513	10,197	10,197	8,700	15,528	11,984
3	Roads Infrastructure	11,155	6,013	6,013	6,013	4,000	9,528	11,984
4	Roads	11,155	6,013	6,013	6,013	4,000	9,528	11,984
5	Road Structures	-	-	-	-	-	-	-
6	Road Furniture	-	-	-	-	-	-	-
7	Capital Spares	-	-	-	-	-	-	-
8	Storm water Infrastructure	-	-	-	-	-	-	-
9	Drainage Collection	-	-	-	-	-	-	-
10	Storm water Conveyance	-	-	-	-	-	-	-
11	Attenuation	-	-	-	-	-	-	-
12	Electrical Infrastructure	9,295	-	4,009	4,009	-	-	-
13	Power Plants	-	-	-	-	-	-	-
14	HV Substations	2,124	-	-	-	-	-	-
15	HV Switching Station	-	-	-	-	-	-	-
16	HV Transmission Conductors	-	-	-	-	-	-	-
17	MV Substations	6,225	-	1,708	1,708	-	-	-
18	MV Switching Stations	-	-	-	-	-	-	-
19	MV Networks	922	-	-	-	-	-	-
20	LV Networks	24	-	2,301	2,301	-	-	-
21	Capital Spares	-	-	-	-	-	-	-
22	Water Supply Infrastructure	-	-	-	-	-	-	-
23	Dams and Weirs	-	-	-	-	-	-	-
24	Boreholes	-	-	-	-	-	-	-
25	Reservoirs	-	-	-	-	-	-	-
26	Pump Stations	-	-	-	-	-	-	-
27	Water Treatment Works	-	-	-	-	-	-	-
28	Bulk Mains	-	-	-	-	-	-	-
29	Distribution	-	-	-	-	-	-	-
30	Distribution Points	-	-	-	-	-	-	-
31	PRV Stations	-	-	-	-	-	-	-
32	Capital Spares	-	-	-	-	-	-	-
33	Sanitation Infrastructure	57	-	-	-	-	-	-
34	Pump Station	57	-	-	-	-	-	-
35	Reticulation	-	-	-	-	-	-	-
36	Waste Water Treatment Works	-	-	-	-	-	-	-
37	Outfall Sewers	-	-	-	-	-	-	-
38	Toilet Facilities	-	-	-	-	-	-	-
39	Capital Spares	-	-	-	-	-	-	-
40	Solid Waste Infrastructure	-	500	174	174	4,700	6,000	-
41	Landfill Sites	-	-	-	-	4,000	6,000	-
42	Waste Transfer Stations	-	-	-	-	-	-	-
43	Waste Processing Facilities	-	-	-	-	-	-	-
44	Waste Drop-off Points	-	500	174	174	700	-	-
45	Waste Separation Facilities	-	-	-	-	-	-	-
46	Electricity Generation Facilities	-	-	-	-	-	-	-
47	Capital Spares	-	-	-	-	-	-	-
48	Rail Infrastructure	-	-	-	-	-	-	-
49	Rail Lines	-	-	-	-	-	-	-
50	Rail Structures	-	-	-	-	-	-	-
51	Rail Furniture	-	-	-	-	-	-	-
52	Drainage Collection	-	-	-	-	-	-	-
53	Storm water Conveyance	-	-	-	-	-	-	-
54	Attenuation	-	-	-	-	-	-	-
55	MV Substations	-	-	-	-	-	-	-
56	LV Networks	-	-	-	-	-	-	-
57	Capital Spares	-	-	-	-	-	-	-

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
Column Ref	A	B	C	D	E	F	G	H
58	<b>Coastal Infrastructure</b>	–	–	–	–	–	–	–
59	Sand Pumps	–	–	–	–	–	–	–
60	Piers	–	–	–	–	–	–	–
61	Revetments	–	–	–	–	–	–	–
62	Promenades	–	–	–	–	–	–	–
63	Capital Spares	–	–	–	–	–	–	–
64	<b>Information and Communication Infrastructure</b>	–	–	–	–	–	–	–
65	Data Centres	–	–	–	–	–	–	–
66	Core Layers	–	–	–	–	–	–	–
67	Distribution Layers	–	–	–	–	–	–	–
68	Capital Spares	–	–	–	–	–	–	–
69	<b>Community Assets</b>	–	–	–	–	–	–	–
70	<b>Community Facilities</b>	–	–	–	–	–	–	–
71	Halls	–	–	–	–	–	–	–
72	Centres	–	–	–	–	–	–	–
73	Crèches	–	–	–	–	–	–	–
74	Clinics/Care Centres	–	–	–	–	–	–	–
75	Fire/Ambulance Stations	–	–	–	–	–	–	–
76	Testing Stations	–	–	–	–	–	–	–
77	Museums	–	–	–	–	–	–	–
78	Galleries	–	–	–	–	–	–	–
79	Theatres	–	–	–	–	–	–	–
80	Libraries	–	–	–	–	–	–	–
81	Cemeteries/Crematoria	–	–	–	–	–	–	–
82	Police	–	–	–	–	–	–	–
83	Parks	–	–	–	–	–	–	–
84	Public Open Space	–	–	–	–	–	–	–
85	Nature Reserves	–	–	–	–	–	–	–
86	Public Ablution Facilities	–	–	–	–	–	–	–
87	Markets	–	–	–	–	–	–	–
88	Stalls	–	–	–	–	–	–	–
89	Abattoirs	–	–	–	–	–	–	–
90	Airports	–	–	–	–	–	–	–
91	Taxi Ranks/Bus Terminals	–	–	–	–	–	–	–
92	Capital Spares	–	–	–	–	–	–	–
93	<b>Sport and Recreation Facilities</b>	–	–	–	–	–	–	–
94	Indoor Facilities	–	–	–	–	–	–	–
95	Outdoor Facilities	–	–	–	–	–	–	–
96	Capital Spares	–	–	–	–	–	–	–
97	<b>Heritage assets</b>	–	–	–	–	–	–	–
98	Monuments	–	–	–	–	–	–	–
99	Historic Buildings	–	–	–	–	–	–	–
100	Works of Art	–	–	–	–	–	–	–
101	Conservation Areas	–	–	–	–	–	–	–
102	Other Heritage	–	–	–	–	–	–	–
103	<b>Investment properties</b>	–	–	–	–	–	–	–
104	<b>Revenue Generating</b>	–	–	–	–	–	–	–
105	Improved Property	–	–	–	–	–	–	–
106	Unimproved Property	–	–	–	–	–	–	–
107	<b>Non-revenue Generating</b>	–	–	–	–	–	–	–
108	Improved Property	–	–	–	–	–	–	–
109	Unimproved Property	–	–	–	–	–	–	–
110	<b>Other assets</b>	1,778	1,010	2,253	1,736	50	–	–
111	<b>Operational Buildings</b>	179	1,010	443	443	50	–	–
112	Municipal Offices	179	1,010	443	443	50	–	–
113	Pay/Enquiry Points	–	–	–	–	–	–	–
114	Building Plan Offices	–	–	–	–	–	–	–
115	Workshops	–	–	–	–	–	–	–
116	Yards	–	–	–	–	–	–	–
117	Stores	–	–	–	–	–	–	–
118	Laboratories	–	–	–	–	–	–	–
119	Training Centres	–	–	–	–	–	–	–
120	Manufacturing Plant	–	–	–	–	–	–	–
121	Depots	–	–	–	–	–	–	–
122	Capital Spares	–	–	–	–	–	–	–
123	<b>Housing</b>	1,598	–	1,810	1,294	–	–	–
124	Staff Housing	–	–	–	–	–	–	–
125	Social Housing	1,598	–	1,810	1,294	–	–	–
126	Capital Spares	–	–	–	–	–	–	–

Capital Expenditure – Upgrade/Renewal Programme*								
R' 000								
Serial No.	Description	2019/2020	2020/2021			Planned Capital Expenditure		
Column Ref		Actual	Original Budget	Adjustment Budget	Actual Expenditure	2021/2022	2022/2023	2023/2024
	A	B	C	D	E	F	G	H
127	<b>Biological or Cultivated Assets</b>	–	–	–	–	–	–	–
128	Biological or Cultivated Assets	–	–	–	–	–	–	–
129	<b>Intangible Assets</b>	–	–	–	–	–	–	–
130	Servitudes	–	–	–	–	–	–	–
131	<b>Licences and Rights</b>	–	–	–	–	–	–	–
132	Water Rights	–	–	–	–	–	–	–
133	Effluent Licenses	–	–	–	–	–	–	–
134	Solid Waste Licenses	–	–	–	–	–	–	–
135	Computer Software and Applications	–	–	–	–	–	–	–
136	Load Settlement Software Applications	–	–	–	–	–	–	–
137	Unspecified	–	–	–	–	–	–	–
138	<b>Computer Equipment</b>	–	–	–	–	–	–	–
139	Computer Equipment	–	–	–	–	–	–	–
140	<b>Furniture and Office Equipment</b>	–	–	–	–	–	–	–
141	Furniture and Office Equipment	–	–	–	–	–	–	–
142	<b>Machinery and Equipment</b>	–	–	–	–	–	–	–
143	Machinery and Equipment	–	–	–	–	–	–	–
144	<b>Transport Assets</b>	–	105	–	–	–	–	–
145	Transport Assets	–	105	–	–	–	–	–
146	<b>Land</b>	–	–	–	–	–	–	–
147	Land	–	–	–	–	–	–	–
148	<b>Zoo's, Marine and Non-biological Animals</b>	–	–	–	–	–	–	–
149	Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–
150	<b>Total Capital Expenditure on renewed assets</b>	22,284	7,628	12,449	11,933	8,750	15,528	11,984

## ANNEXURE M: CAPITAL PROGRAMME BY PROJECT

Table 199: 2020/21 Capital Programme by Main Project

Capital Programme by Main Project 2020/2021						
Serial No.	Capital Project	Original Budget	Adjustments Budget	Actual	Variance (Act – Adj) %	Variance (Act – OB) %
Column Ref.	A	B	C	D	E	F
<b>1</b>	<b>Water</b>					
2	Replace/Upgrade Water Reticulation System	10,027,622	8,466,058	8,435,487	-0.36%	-15.88%
3	Extension of Basic Services: Informal Settlements Water	800,000	6,963,653	6,744,216	-3.15%	743.03%
4	Completion of CES11/2018 - 8 ML Courtrai	858,457	858,457	858,457	0.00%	0.00%
<b>5</b>	<b>Sanitation/Sewerage</b>					
6	Replace /Upgrade Sewerage Systems Paarl	5,700,000	7,582,878	7,582,877	0.00%	33.03%
7	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	#DIV/0!
8	Eradication of Sewer Network Backlog	1,250,000	1,313,517	1,313,516	0.00%	100.00%
<b>9</b>	<b>Electricity</b>					
10	New Connections BICLS	0	22,885,402	29,097,211	27.14%	#DIV/0!
11	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	100.00%
12	Replacement: Dalwes Substation	9,250,000	9,249,993	9,249,992	0.00%	0.00%
<b>13</b>	<b>Road Transport</b>					
14	Upgrading Of Oosbosch Street	76,983,546	76,983,546	56,511,999	-26.59%	-26.59%
15	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	#DIV/0!
16	Upgrade Existing Side Walks (Drakenstein)	500,000	5,348,264	5,348,264	0.00%	100.00%
<b>17</b>	<b>Housing</b>					
18	Basic Services : Schoongezicht Emergency Housing Project	6,900,000	10,708,962	10,690,948	-0.17%	100%
19	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	100%
20	Schoongezicht Boundary Wall	0	1,262,708	1,262,708	0.00%	#DIV/0!
<b>21</b>	<b>Refuse Removal</b>					
22	Digger Loader (Waste Management Vehicles)	0	1,436,380	1,436,380	0.00%	100.00%
23	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	100.00%
24	Landfill Design	0	606,062	606,059	0.00%	100.00%
<b>25</b>	<b>Economic Development</b>					
26	No Capital Projects	0	0	0	#DIV/0!	100.00%
<b>27</b>	<b>Sports, Art and Culture</b>					
28	Upgrade Swimming Pools	6,720,000	6,724,675	6,544,852	-2.67%	-2.61%
29	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	100.00%
30	Arboretum Climate Park	2,860,000	3,676,046	3,178,649	-13.53%	100.00%
<b>31</b>	<b>Executive and Council</b>					
32	Colloborator Module for DIF Proposals	0	160,583	160,583	0.00%	100.00%
33	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	100.00%
<b>34</b>	<b>Corporate Services</b>					
35	ICT Infrastructure	571,294	2,753,047	2,753,045	0.00%	381.90%
36	Extension of Basic Services: Informal Settlements Water	0	0	0	#DIV/0!	#DIV/0!
37	Replacement of Vehicles and Equipment	968,868	517,630	517,629	0.00%	-46.57%
<b>38</b>	<b>Budget and Treasury Office</b>					
39	Building Stores	0	657,002	511,949	-22.08%	#DIV/0!
<b>40</b>	<b>Community and Social Services</b>					
41	Development of Existing Cemetery	4,900,000	782,345	782,344	0.00%	100.00%
<b>42</b>	<b>Safety and Security</b>					
43	Electronic Learning and Driver Licencing	800,000	808,400	455,662	-43.63%	-43.04%
44	Furniture and Office Equipment	0	0	0	#DIV/0!	#DIV/0!
45	Traffic HQ	500,000	309,042	309,041	0.00%	-38.19%

## ANNEXURE N: CAPITAL PROGRAMME BY PROJECT BY WARD

**Table 200: Capital Programme by Project by Ward 2020/21**

Capital Programme by Project by Ward 2020/2021*			
Serial No.	Capital Programme	Wards affected	Works completed (Yes/No)
Column Ref.	A	B	C
<b>1</b>	<b>Water</b>		
2	Replace/Upgrade Water Reticulation System	All	Yes
3	Extension of Basic Services: Informal Settlements Water	All	Yes
4	Completion of CES11/2018 - 8 ML Courtrai	All	Yes
<b>5</b>	<b>Sanitation/Sewerage</b>		
6	Replace /Upgrade Sewerage Systems Paarl	All	Yes
7	Extension of Basic Services: Informal Settlements Water	All	Yes
8	Eradication of Sewer Network Backlog	All	Yes
<b>9</b>	<b>Electricity</b>		
10	New Connections BICLs	All	Yes
11	Extension of Basic Services: Informal Settlements Water	All	Yes
12	Replacement: Dalwes Substation	All	Yes
<b>13</b>	<b>Housing</b>		
14	Basic Services : Schoongezicht Emergency Housing Project	All	Yes
15	Extension of Basic Services: Informal Settlements Water	All	Yes
16	Schoongezicht Boundary Wall	All	Yes
<b>17</b>	<b>Refuse Removal</b>		
18	Digger Loader (Waste Management Vehicles)	All	Yes
19	Extension of Basic Services: Informal Settlements Water	All	Yes
20	Landfill Design	All	Yes
<b>21</b>	<b>Economic Development</b>		
22	No Capital Projects	All	Yes
<b>23</b>	<b>Sports, Art And Culture</b>		
24	Upgrade Swimming Pools	All	Yes
25	Extension of Basic Services: Informal Settlements Water	All	Yes
26	Arboretum Climate Park	All	Yes
<b>27</b>	<b>Road And Transport</b>		
28	Upgrading Of Oosbosch Street	All	Yes
29	Extension of Basic Services: Informal Settlements Water	All	Yes
30	Upgrade Existing Side Walks (Drakenstein)	All	Yes
<b>31</b>	<b>Executive and Council</b>		
32	Colloborator Module for DIF Proposals	All	Yes
33	Extension of Basic Services: Informal Settlements Water	All	Yes
<b>34</b>	<b>Corporate Services</b>		
35	ICT Infrastructure	All	Yes
36	Extension of Basic Services: Informal Settlements Water	All	Yes
37	Replacement of Vehicles and Equipment	All	Yes
<b>38</b>	<b>Budget and Treasury Office</b>		
39	Building Stores	All	Yes
<b>40</b>	<b>Community and Social Services</b>		
41	Development of Existing Cemetery	All	Yes
<b>42</b>	<b>Safety and Security</b>		
43	Electronic Learning and Driver Licencing	All	Yes
44	Extension of Basic Services: Informal Settlements Water	All	Yes
45	Traffic HQ	All	Yes



## ANNEXURE O: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

**Table 201: Service Backlogs - Schools and Clinics**

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Waste
<b>Schools</b>				
None	None	None	None	None
<b>Clinics</b>				
None	None	None	None	None

## ANNEXURE P: SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

**Table 202: Service backlogs experienced by the community where another sphere of government is the service provider**

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the municipality acts on agency basis)		
Service and locations	Scale of backlogs	Impact of backlogs
<b>Clinics</b>		
General health services – Windmeul	The facility is too small and cannot serve all the needs of the people in this rural farming area. No doctor. Only referrals from general health nurse. Current service a mobile service and a fixed clinic.	The mobile clinic in Windmeul is also complemented by a fixed clinic at the school.
Mbekweni CDC Centre	The facility is too small and cannot serve all the needs of the people who require general health services.	Facility inadequate to serve all the people who require services and not conducive to dispensary services. New clinic to be built in Groenheuwel in progress.
Soetendal Clinic – Wellington	No shelter for the patients during winter months or whilst waiting for transport to collect them to be transported to the nearest hospital. Hermon patients require transport to Soetendal Clinic on a regular basis.	Matter was referred to Department of Health for further investigation.
Van Wyksvlei CDC (Wards 5, 7, 10 and 11)	A fully-fledged hospital is needed in the area as the clinic is insufficient.	Facility is more central and adequate to serve in full capacity.
Nederburg Clinic – Ward 25	Request for the Clinic at Nederburg to be enlarged and more staff should be appointed.	This clinic was closed by the Department of Health. Drakenstein Municipality received a request to utilize the facility as a Women's Empowerment Facility.
<b>Housing</b>		
Informal Settlements Drakenstein Municipality	Estimated informal households (7,587) encompassing approximately 15,342 persons in 41 recognised informal settlements and one unregistered informal settlement	Increase in the erection of illegal structures. Threat to well-located land. Insufficient funding. Increase of evictions. Cause of serious social problems. Threats of land invasions. Pressure on delivery of basic services
Housing Demand	20 371 active applications.	16,041 cancelled applications that need to be updated.
Electrification	There are 42 informal settlements of which 27 has been completed (27/42 *100 = 64.28 %).	Limited funding, resources and existing infrastructure that require upgrading to facilitate future growth and development.
<b>Driving Licensing and Testing Centre</b>		
None	None	None

Service backlogs experienced by the community where another sphere of government is the service provider (whether or not the municipality acts on agency basis)		
Service and locations	Scale of backlogs	Impact of backlogs
<b>Reservoirs</b>		
None	None	None
<b>Schools (Primary and High)</b>		
Windmeul (Ward 3)	Train youth to assist the Health Workers on the Farm.	Training was provided for Health care workers to assist with the workflow at the farms.
	Clinic in Windmeul only services half of the whole Ward 3	Mobile service extended to other areas in Ward 3.
Ward 5	Visibility and patrol of SAPS in ward	Matter was referred to CPF in Mbekweni.
	Development of Neighbourhood Watches	Matter was referred to Safety.
Mbekweni (Ward 6)	Development of Arts Centre in Mbekweni	There is already a development centre within the Mbekweni area.
New Primary School (Ward 5)	Community requests new primary school for Ward 5.	Van Wyksvlei Primary and Hillcrest Primary schools are accessible for ward 5
Ward 16	Drommedaris needs a primary school	To improve education standards for the residents of Ward 16
Ward 11	Wheelchair access to the day hospital needed	Matter was referred to Health and Transport.

## ANNEXURE Q: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Table 203: Declaration of loans and grants made by the Municipality 2020/21

Declaration of loans and grants made by the Municipality 2020/21				
Serial No	All organisations or persons in receipt of loans*/grants* provided by the Municipality	Reason for application	Conditions attached to funding	Value 2020/21 (Rand)
Column Ref.	A	B	C	D
<i>*No loans were granted to any organisation</i>				

## ANNEXURE R: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

Table 204: MFMA S71 returns not made during 2020/21 according to reporting requirements

MFMA Section 71 returns not made during 2020/21 according to reporting requirements	
Return	Reason return has not been properly made on due date
All returns were submitted timely	

## ANNEXURE S: PRESIDENTIAL OUTCOME FOR LOCAL GOVERNMENT

Table 205: Presidential outcome for Local Government

Presidential outcome for Local Government			
Serial No.	Outcome/Output	Progress to date	Number or percentage achieved
Column Ref.	A	B	C
1	<b>Output: Improving access to basic services</b>		
2	Provision of Basic Services	Formal households having access to all basic services.	100%
3		Informal households having access to water, sanitation and refuse removal services at the minimum level.	Water 100% Sanitation 94.4% Refuse 100%
4		Informal households having access to electricity services.	47.89%
5	<b>Output: Implementation of the Community Work Programme</b>		
6	EPWP: Environmental and Infrastructure Improvement Project (Solid Waste Management Project)	The application of the changes to the EPWP Policy and various SOP's to guide appointments and ensure maximum transparency and due process was monitored to verify due diligence.  <u>Note</u> : Community Works Programme and the Expanded Public Works Programme are not the same. The Community Works Programme is implemented by Economic Development.	100%
7	The Community Works Programme functions in the Municipality, but is managed on behalf of national government by an external service provider.	5,288 work opportunities were created with the help of the Municipality.  <u>Note</u> Disclaimer: Work opportunities can be allocated to the same beneficiary more than once during the employer cycle of 12 months.	The target allocated to the Municipality was exceeded.
8	<b>Output: Deepen democracy through a refined Ward Committee Model</b>		
9	All Ward Committees are 100% functional.	Regular ward meetings are facilitated by the Ward Councillor. Consequently, regular reports to this effect are submitted to the Speaker and Council.	135 committee meetings and 21 quarterly public meetings were held during the financial year.
10	<b>Output: Administrative and financial capability</b>		
11	Debt Collection and Indigent Support Policy as well as the Writing Off of Irrecoverable Debt Policy were reviewed.	These policies were approved by Council to ensure that consumers who are struggling financially can be accommodated without severe negative effects to the Municipality.	95.5% debt collection rate for 2020/21

## 8. VOLUMES

### VOLUME I: REPORT OF THE AUDITOR-GENERAL

The report of the Auditor-General to the Western Cape Provincial Parliament and the Municipal Council on Drakenstein Municipality's 2020/21 Annual Financial Statements, Annual Performance Report, compliance with legislation, other information and internal control deficiencies now follows on the next seven pages.

# Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Drakenstein Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Drakenstein Municipality set out on pages 7 to 132, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Drakenstein Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Significant uncertainties

7. With reference to note 60 to the financial statements, the municipality is the defendant in a case where it is being sued for R449 million. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result in this regard has been made in the financial statements.



### Restatement of corresponding figures

8. As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

### Material impairment

9. As disclosed in notes 10.1, 10.2 and 11.1 to the financial statements, the municipality has provided for an impairment of receivables amounting to R304 million (2019-20: R238 million), based on the recoverability of gross receivables.
10. As disclosed in the note 42 to the financial statements, the municipality has written off bad debt by R111 million (2019-20: R111 million).

### Other matter

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited disclosure notes

12. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2021:

Objective	Pages in the annual performance report
KPA 4: Physical infrastructure and services	20 – 24

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- KPA 4: Physical infrastructure and services

### **Other matter**

22. I draw attention to the matter below.

### **Achievement of planned targets**

23. Refer to the annual performance report on pages 20 to 24 for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## **Other information**

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the mayor's foreword and the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
31. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town  
13 December 2021



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected objective and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## VOLUME II: AUDIT OUTCOME IMPROVEMENT PLAN

**Table 206: Audit Outcome Improvement Plan**

AUDITOR-GENERAL REPORT 2020/21	
Report on the audit of the financial statements	Unqualified opinion
Report on the audit of the pre-determined objectives	No material findings
Report on the audit of compliance with legislation	No material findings
Issues Raised	Corrective Measures Required
Emphasis of Matters	
Material Losses/Impairments – Trade Creditors	
As disclosed in notes 10.1, 10.2 and 11.1 to the financial statements, the municipality has provided for the impairment of receivables amounting to R304 million (2019/20: R238 million), based on the recoverability of gross receivables.	None. Simply an information statement by the Auditor-General.
Significant Uncertainties	
As disclosed in note 59 to the financial statements, the municipality is the defendant in a case where it is being sued for R 449 million. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result in this regard has been made in the financial statements.	None. Simply an information statement by the Auditor-General.

## VOLUME III: REPORT OF THE AUDIT COMMITTEE

In line with its strategic commitment to be a well-governed City, the Drakenstein Municipality strives for effective oversight and monitoring of its governance structures. Critical to the achievement of this aim is an independent Audit Committee that is supported by Management and Councillors. Section 166 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA), as amended, requires every municipality to establish an independent Audit Committee which must advise the Municipal Council, accounting officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation, performance evaluation, and/or other issues referred to it by the municipality.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

As requested by its Charter, the Audit Committee listed below, is required to meet at least 4 times per annum, although additional meetings may be scheduled as the need arises. Seven meetings were held during the 2020/21 financial year.

Audit Committee Member	Qualifications	Date appointed as Committee Member	Meetings Attended
Mr. R. Najjaar (Chairperson)	(Hons B Compt. /CTA –CPA (USA) & CIA & CRMA	01 August 2018  (Chairperson from 01 August 2020)	8
Ms. Kim Montgomery	B.Com (Law)	Resigned – Last meeting attended on 16 July 2020	1
Mr. P. Strauss	CA(SA)	Appointed 01 August 2020	7
Mr. R.G. Nicholls	CA (SA) (CIA)	01 August 2018	7
Mr. C. Whittle	CA (SA)	01 November 2018	7

The Deputy Mayor, the City Manager, members of the Executive Management Team and other officials (as required) also attend all formal meetings. The Office of the Auditor-General South Africa (AGSA) has a standing invitation to all committee meetings and attended most meetings. The meeting agendas are substantial and Committee members all participate in meetings with the highest levels of commitment and objectivity.



## **AUDIT COMMITTEE RESPONSIBILITY**

The Committee is pleased to report that it has fulfilled all its responsibilities arising from the Terms of Reference and the annual work plan for the year under review, including relevant legislative requirements.

The Committee Chairperson succinctly, openly and honestly reported the committee's activities to Council on a quarterly basis, with detailed approved minutes also being tabled at the Council meetings.

## **REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS**

The Committee reviewed the annual financial statements prior to submission to the AGSA and discussed them with management. These financial statements are prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No 4 of 2020) (Dora). The Committee did not have unresolved matters with the annual financial statements when submitted for external audit.

The Committee is pleased that the AGSA issued an unqualified audit opinion, with no other matters, on the financial statements of the municipality for the year ended 30 June 2021. The Committee notes a number of findings reported by the AGSA on the municipal compliance processes. Management is committed to implementing the necessary controls to prevent and reduce the re-occurrence of these findings.

The Committee is of the opinion that the audited financial statements should be accepted and read together with the Report of the Auditor-General.

## **PERFORMANCE MANAGEMENT**

The Committee reviewed the quarterly performance results presented by Management as well as the quarterly reports of Internal Audit on the verification of the reported performance results. The Committee noted the ongoing effort made by Management to ensure a credible performance management system and reliable performance results.

This is reflected in the positive outcome of the AGSA's review of the Municipality's pre-determined objectives. Management is further encouraged to ensure that the business processes underlying the preparation and presentation of performance information is enhanced. Management committed themselves to implement the recommendations of the Committee to further enhance the performance management information.

## **INTERNAL CONTROL & RISK MANAGEMENT**

The Committee considered the work performed by Internal Audit on a quarterly basis and reviewed the Internal Audit Annual Statement on Governance, Risk Management and Internal Control Processes within the Municipality for the year ended 30 June 2021.

The Internal Audit Annual Statement concluded that improvement is needed in the Municipality's system of internal control. The Committee is however satisfied, that while a few specific control weaknesses were identified, in general, the controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are managed and/or objectives are met. Where appropriate, Management has accepted the recommendations and agreed to implement the necessary corrective action.

The Committee reviewed the risk profile of the Municipality when the Internal Audit Plan priorities were determined. The Committee expressed concern over the risk management function in previous reports, however the Municipality has a Risk Management Function as one of its assurance levels and a Fraud & Risk Committee (FARMCO), as its advisory oversight structure. The overall Municipal Enterprise Risk Management Framework is aimed at delivering an effective and efficient Municipal-wide Risk Management, Risk controls, Risk Finance and business continuity management function for the Municipality's departments.

A member of the Audit Committee has been co-opted to serve on FARMCO. This Committee remains concerned that progress of embedding a risk management culture in the Municipality still needs attention. However, Council approved an increase in FARMCO capacity via the appointment of additional independent members. This should strengthen FARMCO effectiveness and ultimately Risk Management within the Municipality.

The Audit Committee considered the relevant findings of FARMCO with the reports of management and the internal and external auditors regarding compliance with legal and regulatory requirements. With the increase in FARMCO capacity and reporting processes, the risk management information provided to the Committee allows for better assessments of the risk management process.

The Committee also noted the AGSA's report that no significant deficiencies were identified in internal control, governance and compliance.

## **COMBINED ASSURANCE**

The responsibility for coordinating Combined Assurance moved to the Risk Department. Combined Assurance Framework improvements and advancements are underway. Drakenstein Municipality was chosen as a pilot site by Provincial Treasury to implement a

combined assurance model. The implementation and integration of combined assurance remains work in progress and the Committee regularly reviews developments in this area as part of its annual work plan.

## **CONCLUSION**

The Committee, having expressed some concern regarding risk management and financial gearing over the financial year, wants to take this opportunity to congratulate the Municipality on the audit outcome achieved and the commitment by management to enhance the control effectiveness going forward. Financial gearing seems now under control despite a difficult economy.

A handwritten signature in black ink, appearing to read 'Raghib Najjaar', written in a cursive style.

**R NAJJAAR**  
**AUDIT COMMITTEE CHAIRPERSON**

Date: 13 January 2022

## VOLUME IV: 2020/2021 ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited 2020/2021 Annual Financial Statements will now follow for the next 140 pages. Drakenstein Municipality received an unqualified audit opinion from the Auditor-General for the 2020/21 financial year.



**DRAKENSTEIN**

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

# AUDITED ANNUAL FINANCIAL STATEMENTS

**For the year ended 30 June 2021**



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*  
K. Abrahams - 13 December 2021

A city of excellence

[www.drakenstein.gov.za](http://www.drakenstein.gov.za)

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## General Information

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### Executive mayor and chairperson of mayoral committee

Portfolio	Councillor
EXECUTIVE MAYOR AND CHAIRPERSON OF MAYORAL COMMITTEE	CJ POOLE
DEPUTY EXECUTIVE MAYOR & MAYORAL COMMITTEE MEMBER OF FINANCE PORTFOLIO COMMITTEE, CHAIRPERSON FINANCE COMMITTEE	GC COMBRINK
MAYORAL COMMITTEE MEMBER OF RURAL DEVELOPMENT	MA ANDREAS
MAYORAL COMMITTEE MEMBER OF SOCIAL SERVICES	E GOUWS
MAYORAL COMMITTEE MEMBER OF HUMAN SETTLEMENTS AND PROPERTY DEVELOPMENT	L CYSTER
MAYORAL COMMITTEE MEMBER OF ENVIRONMENT AND OPEN SPACES	C KEARNS
MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES	LP MOKOENA
MAYORAL COMMITTEE MEMBER OF PUBLIC SAFETY	R SMUTS
MAYORAL COMMITTEE MEMBER OF COMMUNICATION AND INTERGOVERNMENTAL RELATIONS	RH VAN NIEUWENHUIZEN
MAYORAL COMMITTEE MEMBER OF ENGINEERING SERVICES	JF LE ROUX
MAYORAL COMMITTEE MEMBER OF PLANNING & ECONOMIC DEVELOPMENT AND TOURISM	ADV J MILLER
MAYORAL COMMITTEE MEMBER OF RECREATION, ARTS AND CULTURE	LT VAN NIEKERK

### Executive management

Position	Name
CITY MANAGER	DR JH LEIBBRANDT
CHIEF FINANCIAL OFFICER	MR B BROWN
EXECUTIVE DIRECTOR: CORPORATE SERVICES	MR S JOHAAR
EXECUTIVE DIRECTOR: PLANNING & DEVELOPMENT	MS L WARING (FROM JULY 2020 UP UNTIL APRIL 2021) MR D DELANEY (ACTING FROM MAY 2021 UP UNTIL JUNE 2021)
EXECUTIVE DIRECTOR: ENGINEERING SERVICES	MR M WUST
EXECUTIVE DIRECTOR: COMMUNITY SERVICES	MR G ESAU

### Members of the Audit Committee

CHAIRPERSON	MR R NAJJAAR
MEMBER	MR P STRAUSS
MEMBER	MR R NICHOLLS
MEMBER	MR C WHITTLE

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## General Information

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### Council members

Nr	Surname	Initials
1	ADRIAANSE	MM
2	AFRIKA	AF
3	ANDERSON	JV
4	ANDREAS	MA
5	ARNOLDS	RB
6	BEKEER	A
7	BESTER	TG
8	BLANCKENBERG	DS
9	BOOYSEN	VC
10	BUCKLE	AML
11	COMBRINK	GC
12	CUPIDO	FP
13	CUPIDO	PB
14	CYSTER	L
15	DAVIDS	CO
16	DE GOEDE	HR
17	DE WET	J
18	DUBA	BP
19	FORD	GH
20	GEORGE	NN
21	GOUWS	E
22	JACOBS	F
23	JONAS	SX
24	KEARNS	C
25	KLAAS	MT
26	KOEGELEBERG	RA
27	KOTZE	HJ
28	KROUTZ	C
29	LANDU	L
30	LE HOE	MJ
31	LE ROUX	JF
32	LUGQOLA	A
33	MANGENA	TC

Nr	Surname	Initials
34	MASOKA	ZL
35	MATTHEE	HJN
36	MBENENE	NP
37	MDUNUSIE	MN
38	MEYER	WPD
39	MINTOOR	D
40	MILLER	J
41	MPULANYANA	TR
42	MOKOENA	LP
43	NELL	RH
44	NIEHAUS	LW
45	NOBULA	MD
46	NOMANA	TZ
47	NZELE	LV
48	POOLE	CJ
49	RENS	SC
50	RICHARDS	AM
51	RIX	B
52	ROSS	S
53	SAMBOKWE	LS
54	SAUERMAN	ND
55	SEPTEMBER	SE
56	SMIT	J
57	SMUTS	R
58	SOLOMONS	EA
59	STOWMAN	AC
60	VAN NIEKER	LT
61	VAN NIEUWENHUYZEN	RH
62	VAN SANTEN	AJ
63	VIKA	M
64	WINDVOGEL	EJ
65	ZIKHALI	N



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## General Information

---

<b>Legal form of entity</b>	MUNICIPALITY IN TERMS OF SECTION 1 OF THE LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT (ACT 117 OF 1998) READ WITH SECTION 155(1) OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT 108 OF 1996)
<b>Nature of business and principal activities</b>	THE PROVISION OF SERVICES (ELECTRICITY, WATER, SANITATION AND REFUSE) TO COMMUNITIES IN A SUSTAINABLE MANNER, TO PROMOTE SOCIAL AND ECONOMIC DEVELOPMENT; AND TO PROMOTE A SAFE AND HEALTHY ENVIRONMENT
<b>Legislation governing the municipality's operations</b>	CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA (ACT 108 OF 1998) LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (ACT NO 56 OF 2003) LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT (ACT 32 OF 2000) LOCAL GOVERNMENT: MUNICIPAL STRUCTURES ACT (ACT 117 OF 1998) MUNICIPAL PROPERTY RATES ACT (ACT 6 OF 2004) DIVISION OF REVENUE ACT (ACT 1 OF 2007)
<b>Other information</b>	
<b>Executive Mayor</b>	COUNCILLOR CJ POOLE
<b>Executive Deputy Mayor</b>	COUNCILLOR GC COMBRINK
<b>Speaker</b>	COUNCILLOR AC STOWMAN
<b>Registered head office</b>	DRAKENSTEIN MUNICIPALITY CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
<b>Physical address</b>	CIVIC CENTRE BERG RIVER BOULEVARD PAARL 7646
<b>Postal address</b>	P O BOX 1 PAARL 7622
<b>Telephone</b>	(021) 807 - 4500
<b>Fax</b>	(021) 872 - 8054
<b>Bankers</b>	FIRST NATIONAL BANK
<b>Auditors</b>	AUDITOR-GENERAL OF SOUTH AFRICA (AGSA)
<b>Demarcation code</b>	WC023

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Officer's Statement

---

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the audited annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the audited annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant interpretations, guidelines and directives issued by the Accounting Standards Board.

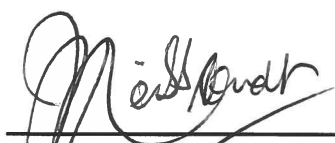
The audited annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I, as the Accounting Officer (accounting authority) acknowledges that I am ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable me to meet these responsibilities, I have set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

I am of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 40 to these audited annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with the Act.

The audited annual financial statements set out on pages 7 to 132, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), which have been prepared on the going concern basis and which I have signed on behalf of the municipality on 31 August 2021:



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**DR JH LEIBBRANDT**  
**ACCOUNTING OFFICER**

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Abbreviations

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education and Training Authority
MSIG	Municipal System Improvement Grant
NDPG	Neighbourhood Development and Partnership Grant
SRAC	Sports, Recreation, Arts and Culture
ASB	Accounting Standards Board
IPSASB	International Public Sector Accounting Standards Board
IFRS	International Finance Reporting Standards
BNG	Breaking New Ground
SAMWU	South African Municipal Workers Union
SARS	South African Revenue Service
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
GFS	Government Finance Statistics
IASB	International Accounting Standards Board
DCAS	Western Cape Department of Cultural Affairs and Sport

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	6,178,954,703	6,141,427,027
Heritage assets	4	40,373,700	41,223,700
Intangible assets	5	5,255,000	5,267,754
Investment property	6	45,620,000	42,193,200
Investments	7	-	82,298
Non-current receivables from exchange transactions	8	272,299	328,805
		<b>6,270,475,702</b>	<b>6,230,522,784</b>
<b>Current Assets</b>			
Inventories	9	23,344,372	26,336,815
Trade and other receivables from exchange transactions	10	292,074,802	316,367,637
Receivables from non-exchange transactions	11	104,011,621	103,864,823
Cash and cash equivalents	12	138,781,359	80,599,898
Current portion of non-current receivables	13	156,788	104,778
VAT control	18	19,455,955	755,447
		<b>577,824,897</b>	<b>528,029,398</b>
<b>Total Assets</b>		<b>6,848,300,599</b>	<b>6,758,552,182</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	14	1,618,401,012	1,636,956,881
Finance lease liabilities	15	26,762	1,440,194
Employee benefits	16	227,049,000	204,769,000
Provisions	17	195,378,926	168,950,709
		<b>2,040,855,700</b>	<b>2,012,116,784</b>
<b>Current Liabilities</b>			
Consumer deposits	19	59,109,630	52,606,653
Payables from exchange transactions	20	358,674,661	385,804,014
Unspent conditional grants and receipts	21	18,527,914	23,686,124
Borrowings	14	18,555,870	19,681,848
Finance lease liabilities	15	1,413,432	1,717,999
Employee benefits	16	90,873,365	103,936,745
		<b>547,154,872</b>	<b>587,433,383</b>
<b>Total Liabilities</b>		<b>2,588,010,572</b>	<b>2,599,550,167</b>
<b>Net Assets</b>		<b>4,260,290,027</b>	<b>4,159,002,015</b>
<b>Net assets presented by:</b>			
Housing Development Fund	22	25,851,738	22,000,754
Reserves and Funds	23	1,421,127,598	1,452,457,291
Accumulated surplus	24	2,813,310,691	2,684,543,970
<b>Total Net Assets</b>		<b>4,260,290,027</b>	<b>4,159,002,015</b>

\* See Note 50

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Revenue</b>			
<b>Exchange revenue</b>			
Services charges - Electricity	25	1,221,112,686	1,170,589,172
Services charges - Water	25	150,466,866	162,252,918
Services charges - Waste water management	25	121,448,845	113,853,045
Services charges - Waste management	25	125,627,467	121,887,978
Sales of goods and rendering of services	27	11,062,873	12,754,384
Rental from fixed assets	28	5,190,130	15,991,036
Interests on investments	29	5,215,173	6,140,446
Dividends	30	7,560	12,600
Interest on receivables	31	7,084,609	6,421,577
Operational revenue	32	12,011,611	4,266,744
Licences or permits	33	20,628,986	20,240,886
<b>Total exchange revenue</b>		<b>1,679,856,806</b>	<b>1,634,410,786</b>
<b>Non-exchange revenue</b>			
Property rates	35	343,711,355	311,891,563
Availability charges - Electricity	26	1,639,713	1,789,157
Availability charges - Water	26	1,601,232	1,696,359
Availability charges - Waste management	26	2,779,837	2,884,527
Availability charges - Waste water management	26	2,500,447	2,530,913
Surcharges and taxes		1,060,460	852,305
Fines, penalties and forfeits	36	128,602,942	82,126,344
Transfers and subsidies	37	396,564,647	369,372,051
Operational revenue	32	8,798,882	2,368,493
Construction contract revenue	38	3,830,730	2,339,190
<b>Total non-exchange revenue</b>		<b>891,090,245</b>	<b>777,850,902</b>
<b>Total revenue</b>		<b>2,570,947,051</b>	<b>2,412,261,688</b>
<b>Expenditure</b>			
Employee related cost	39	714,717,910	626,602,692
Remuneration of councillors	40	31,101,146	31,026,999
Depreciation and amortisation	41	227,481,741	218,661,990
Impairment losses on financial assets	42	175,487,279	153,488,029
Impairment losses on PPE, IA and HA	43	(246,328)	293,482
Finance costs	44	179,830,803	178,731,085
Bulk purchases	45	828,326,127	779,427,041
Inventory consumed		53,129,377	55,892,033
Contracted services	46	147,688,674	146,020,366
Transfers and subsidies		8,534,159	16,656,763
Operational cost	47	82,293,420	65,231,337
Operating leases	48	18,956,121	16,995,086
Fair value and loss on disposal adjustment of assets	34	2,319,201	509,816
<b>Total expenditure</b>		<b>2,469,619,630</b>	<b>2,289,536,719</b>
<b>Surplus for the year</b>		<b>101,327,421</b>	<b>122,724,969</b>

\* See Note 50

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		342,405,924	304,627,871
Service charges		1,593,352,476	1,466,017,406
Transfers, subsidies and construction contracts revenue received		375,862,779	306,256,434
Interest		8,738,749	8,210,633
Dividends		7,560	12,600
Other receipts and fines received		59,597,333	47,539,913
<b>Payments</b>			
Employees cost		(736,602,436)	(671,609,754)
Suppliers		(1,143,895,152)	(998,781,659)
Interest charges		(179,830,802)	(121,389,064)
Net VAT paid		(18,700,508)	(4,903,004)
<b>Net cash from(used) operating activities</b>	49	<b>300,935,923</b>	<b>335,981,376</b>
<b>Cash flows from investing activities</b>			
<b>Receipts</b>			
Proceeds on disposal of fixed and intangible assets		3,115,991	2,797,069
Increase in non-current receivables		4,496	551,386
Increase in investments		77,040	37,329
<b>Payments</b>			
Capital assets		(224,552,143)	(293,385,871)
<b>Net cash flows from investing activities</b>		<b>(221,354,616)</b>	<b>(290,000,087)</b>
<b>Cash flows from financing activities</b>			
<b>Payments</b>			
Decrease in short term loans		(1,717,999)	(3,313,269)
Decrease in borrowing long-term		(19,681,847)	(30,972,150)
<b>Net increase/(decrease) in cash</b>		<b>58,181,461</b>	<b>11,695,870</b>
Cash and cash equivalents at year begin		80,599,898	68,904,028
		<b>138,781,359</b>	<b>80,599,898</b>

\* See Note 50

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Statement of changes in net assets

	Housing development fund	Revaluation reserve	Accumulated surplus	Total net assets
<b>Figures in Rand</b>				
<b>Balance at 01 July 2019</b>	<b>16,788,194</b>	<b>1,481,639,946</b>	<b>2,538,097,466</b>	<b>4,036,525,606</b>
Surplus for the year	-	-	122,724,969	122,724,969
Transfers to Housing Development Fund	5,212,560	-	(5,461,144)	(248,584)
Offsetting of depreciation	-	(29,182,655)	29,182,655	-
Total changes	5,212,560	(29,182,655)	146,446,480	122,476,385
<b>Restated* Balance at 01 July 2020</b>	<b>22,000,756</b>	<b>1,452,457,291</b>	<b>2,684,543,970</b>	<b>4,159,002,017</b>
Surplus for the year	-	-	101,327,421	101,327,421
Offsetting of depreciation	-	(31,329,693)	31,329,693	-
Transfer to Housing Development Fund	3,850,982	-	(3,890,401)	(39,419)
Total changes	3,850,982	(31,329,693)	128,766,713	101,288,002
<b>Balance at 30 June 2021</b>	<b>25,851,738</b>	<b>1,421,127,598</b>	<b>2,813,310,691</b>	<b>4,260,290,027</b>
Note(s)	22	23	24	

\* See Note 50

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Comparison of Budget and Actual Amounts for the year ended 30 June 2021

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2021</b>										
<b>Statement of financial performance</b>										
<b>Revenue</b>										
Property rates	331,536,704	11,440,601	342,977,305	-		342,977,305	343,711,356	734,051	100.21 %	103.67 %
Service charges	1,676,425,099	(24,629,990)	1,651,795,109	-		1,651,795,109	1,627,177,093	(24,618,016)	98.51 %	97.06 %
Investment revenue	6,000,000	-	6,000,000	-		6,000,000	5,222,733	(777,267)	87.05 %	87.05 %
Transfers recognised – operational	265,052,589	(36,720,119)	228,332,470	-		228,332,470	233,235,878	4,903,408	102.15 %	88.00 %
Other own revenue	152,205,806	47,910,437	200,116,243	-		200,116,243	192,222,501	(7,893,742)	96.06 %	126.29 %
<b>Total revenue (excl capital transfers and contributions)</b>	<b>2,431,220,198</b>	<b>(1,999,071)</b>	<b>2,429,221,127</b>	-		<b>2,429,221,127</b>	<b>2,401,569,561</b>	<b>(27,651,566)</b>	<b>98.86 %</b>	<b>98.78 %</b>
<b>Expenditure</b>										
Employee cost	(688,195,688)	(16,178,229)	(704,373,917)	-	-	(704,373,917)	(711,273,115)	(6,899,198)	100.98 %	103.35 %
Remuneration of councillors	(31,709,291)	-	(31,709,291)	-	-	(31,709,291)	(31,101,146)	608,145	98.08 %	98.08 %
Depreciation and asset impairment	(240,352,185)	-	(240,352,185)	-	-	(240,352,185)	(227,235,412)	13,116,773	94.54 %	94.54 %
Finance charges	(182,311,791)	2,153,761	(180,158,030)	-	-	(180,158,030)	(179,830,803)	327,227	99.82 %	98.64 %
Materials and bulk purchases	(889,217,799)	(1,086,601)	(890,304,400)	-	(1,593,323)	(891,897,723)	(881,455,502)	10,442,221	98.83 %	99.13 %
Transfers and grants	(9,460,000)	(1,293,820)	(10,753,820)	-	1,505,000	(9,248,820)	(8,534,159)	714,661	92.27 %	90.21 %
Other expenditure	(473,937,667)	(766,614)	(474,704,281)	-	88,323	(474,615,958)	(436,770,346)	37,845,612	92.03 %	92.16 %
<b>Total expenditure</b>	<b>(2,515,184,421)</b>	<b>(17,171,503)</b>	<b>(2,532,355,924)</b>	-	-	<b>(2,532,355,924)</b>	<b>(2,476,200,483)</b>	<b>56,155,441</b>	<b>97.78 %</b>	<b>98.45 %</b>
<b>Deficit</b>	<b>(83,964,223)</b>	<b>(19,170,574)</b>	<b>(103,134,797)</b>	-	-	<b>(103,134,797)</b>	<b>(74,630,922)</b>	<b>28,503,875</b>	<b>72.36 %</b>	<b>88.88 %</b>
Transfers and subsidies - Capital	168,149,000	12,116,283	180,265,283	-		180,265,283	175,958,381	(4,306,902)	97.61 %	104.64 %



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Comparison of Budget and Actual Amounts for the year ended 30 June 2021

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Surplus after capital transfers and contributions</b>	<b>84,184,777</b>	<b>(7,054,291)</b>	<b>77,130,486</b>	-	-	<b>77,130,486</b>	<b>101,327,459</b>	<b>24,196,973</b>	<b>131.37 %</b>	<b>120.36 %</b>
<b>Reconciliation to statement of financial performance</b>										
Rounding	-	-	-	-	-	-	(38)	(38)	- %	- %
<b>Surplus per the statement of financial performance</b>	<b>84,184,777</b>	<b>(7,054,291)</b>	<b>77,130,486</b>	-	-	<b>77,130,486</b>	<b>101,327,421</b>	<b>24,196,935</b>	<b>131.37 %</b>	<b>120.36 %</b>
<b>Capital expenditure and fund source</b>										
Transfers recognised – capital	153,671,957	(8,916,076)	144,755,881	-	-	144,755,881	143,696,501	(1,059,380)	99.27 %	93.51 %
Borrowings	-	-	-	-	-	-	-	-	- %	- %
Internally generated funds	63,300,476	31,002,704	94,303,180	-	-	94,303,180	77,949,957	(16,353,223)	82.66 %	123.14 %
	<b>216,972,433</b>	<b>22,086,628</b>	<b>239,059,061</b>	-	-	<b>239,059,061</b>	<b>221,646,458</b>	<b>(17,412,603)</b>	<b>92.72 %</b>	<b>102.15 %</b>
<b>Capital expenditure and Cash flow</b>										
Total non-current assets	6,196,648,911	22,086,628	6,218,735,539	-	-	6,218,735,539	6,270,475,702	51,740,163	100.83 %	101.19 %
Total current assets	561,475,605	2,264,823	563,740,428	-	-	563,740,428	577,824,897	14,084,469	102.50 %	102.91 %
Total non-current liabilities	(1,960,199,866)	-	(1,960,199,866)	-	-	(1,960,199,866)	(2,040,855,700)	(80,655,834)	104.11 %	104.11 %
Total current liabilities	(588,578,402)	(3,595,000)	(592,173,402)	-	-	(592,173,402)	(547,154,872)	45,018,530	92.40 %	92.96 %
Community wealth/equity	(4,209,346,248)	(20,756,451)	(4,230,102,699)	-	-	(4,230,102,699)	(4,260,290,027)	(30,187,328)	100.71 %	101.21 %
	-	-	-	-	-	-	-	-	- %	- %

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Comparison of Budget and Actual Amounts for the year ended 30 June 2021

Figures in Rand	Original budget	*Budget adjustments	Final adjustments budget	**Shifting of funds	***Virement	Final budget	Actual outcome	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flow statement</b>										
Net cash from (used) operating	283,511,201	3,830,722	287,341,923	-	-	287,341,923	300,935,923	13,594,000	104.73 %	106.15 %
Net cash from (used) investing	(214,972,433)	(9,608,012)	(224,580,445)	-	-	(224,580,445)	(221,354,616)	3,225,829	98.56 %	102.97 %
Net cash from (used) financing	(19,684,848)	-	(19,684,848)	-	-	(19,684,848)	(21,399,846)	(1,714,998)	108.71 %	108.71 %
	<b>48,853,920</b>	<b>(5,777,290)</b>	<b>43,076,630</b>	<b>-</b>	<b>-</b>	<b>43,076,630</b>	<b>58,181,461</b>	<b>15,104,831</b>	<b>135.07 %</b>	<b>119.09 %</b>

### Commentary

\*Budget adjustments done in terms of section 28 and section 31 of the MFMA

\*\*Shifting of funds done in terms of section 31 of the MFMA

\*\*\*Virement in terms of Council Approve Policy, virements must offset each other so that virements in Total Expenditure column equals zero

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### Basis of preparation

These audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003)(MFMA).

The audited annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of the audited annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior period audited annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in note Changes in accounting policies.

### 1. Summary of significant accounting policies

These standards are summarised as follows:

Reference	Description
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IFRS 4	Insurance contracts
IAS 12	Income taxes
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1. Summary of significant accounting policies (continued)

IGRAP 2	Changes in Existing Decommissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidation – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-Monetary Contributions
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IGRAP 17	Service Concession Arrangements where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IFRIC 12	Service Concession Arrangements
SIC 25	Income Taxes – Changes in the status of an enterprise or its shareholders
SIC 29	Disclosure Service Concession
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 7	The Application of Deemed Cost
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Guideline	Accounting for Arrangements Undertaken i.t.o. the National Housing Programme
Guideline	Accounting for Landfill Sites
Guideline	The Application of Materiality to Financial Statements

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the ASB, but for which an effective date have not been determined by the Minister of Finance.

#### 1.1 New standards and interpretations

##### Standards, amendments to standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 18 on Segment Reporting is effective for the reporting periods beginning on or after 1 July 2020. GRAP 18 establishes principles for the reporting of financial information by segments. The municipality has adopted this Standard in the current reporting period.

GRAP 110 on Living and Non-Living Resources is effective for the reporting periods beginning on or after 1 July 2020. GRAP 110 prescribes the recognition, measurement, presentation and disclosure requirements for living resources as well as disclosure requirements for non-living resources. The application of this standard will not have a material impact on the audited annual financial statements of the municipality when effective.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

---

### 1.1 New standards and interpretations (continued)

#### Standards, amendments to standards and interpretations issued, but not yet effective

GRAP 25 on Employee Benefits and effective date for the reporting periods has not yet been set. The ASB agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The ASB decisions to depart are explained in the basis for conclusions. The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

GRAP 104 on Financial Instruments and effective date for the reporting periods has not yet been set. Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the IASB amended its existing Standards to deal with these issues. The IASB issued (IFRS®) Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised IPSAS in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

All other standards as listed above will only be effective on the date it is announced by the Minister of Finance.

The Accounting Standards Board Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board or, International Financial Reporting Standards. Where a standard of GRAP has been issued, but is not in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

### 1.2 Presentation currency

These audited annual financial statements are presented in South African Rand and are rounded off to the nearest Rand.

### 1.3 Going concern assumption

These audited annual financial statements have been prepared on a going concern basis.

### 1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.5 Comparative of actual information to budgeted information

#### Current year comparatives

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these audited annual financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts. Explanatory comment is provided in the notes to the audited annual financial statements giving motivations for over- or under spending on line items where it is found to be material. The annual budget figures included in the audited annual financial statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2020 to 30 June 2021.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the audited annual financial statements in determining whether a difference between the budgeted and actual amount is material.

#### Prior year comparatives

The comparative figures of one prior period is disclosed. When the presentation or classification of items in the audited annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

### 1.6 Housing development reserve

The Housing development fund was established in terms of the Housing Act (Act No. 107 of 1997).

#### Housing development fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund.

The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the municipality for housing development, development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the National Minister of Human Settlements.
- Any contributions to or from the fund must be shown as transfers in the Statement of changes in net assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

#### Un-realized housing proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the un-realized funds due by long-term housing selling schemes and sponsored loan debtors. This account is reduced when debtors are billed for their payment.

### 1.7 Internal reserves and revaluation reserve

#### Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.8 Provisions

Provisions are recognised when the municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

#### Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure and post monitoring cost, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

### 1.9 Property, plant and equipment

#### Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.9 Property, plant and equipment (continued)

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### Subsequent measurement – cost model

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment, excluding land and buildings, are measured at cost, less accumulated depreciation and accumulated impairment losses.

#### Subsequent measurement – revaluation model

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent values every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

### 1.9 Property, plant and equipment (continued)

#### Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight-line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation rates are based on the following estimated useful lives:

Asset class	Useful lives as applied in the Asset Register (years)
Infrastructure	
• Roads and storm water	5-100
• Electricity	5-100
• Water	5-130
• Sewerage	5-120
• Solid Waste	5-100
Buildings, structures and facilities	
• Buildings	30-60
• Recreational and sports facilities	5-100
• Parks, gardens and cemeteries	5-100
• Housing assets	30-60
Other assets	
• Transport assets	5-35
• Computer and other office equipment	3-45
• Furniture and fittings	5-45
• Machinery and equipment	5-45

The above include initial assessments as well as any adjustments made during the life of an asset.

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

#### De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of property, plant and equipment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.10 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

#### Initial recognition and measurement

Intangible assets are initially recognised at cost. The cost of an intangible assets is the purchase price and other costs attributable to bring the intangible assets to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible assets are acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

#### Subsequent measurement

Amortisation is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

#### Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible assets is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.11 Investment property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

#### Initial recognition

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties;
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.11 Investment property (continued)

#### Subsequent measurement – fair value model

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuer on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the municipality measures that investment property using the cost model.

#### Derecognition/Disposal

Investment properties are derecognised (eliminated from the Capital expenditure and Cash flow) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.12 Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified heritage assets. Furthermore land with a natural significance is not componentised but seen as a single heritage asset due to all parts contributing together to make up its significance.

GRAP 103 requires that land and buildings that qualify as heritage asset, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, should be recognised as property, plant and equipment, rather than heritage asset.

#### Initial recognition and measurement

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.12 Heritage assets (continued)

#### Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as heritage assets are carried at a revalued amount based on municipal valuations less subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

#### De-recognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

### 1.13 Inventories

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for items which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventories at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventories were sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.13 Inventories (continued)

#### Land inventory for BNG housing projects

The Accounting Standards Board issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

In terms of the guideline, land currently controlled by the municipality and recognised as either property, plant and equipment or investment property, that has been designated for the purposes of a BNG housing development - in terms of Council's approved housing pipeline projects - meets the definition of inventories and requires reclassification to inventories.

The municipality only reclassifies the portion of land that it would not control after entering into an arrangement with the provincial Department of Human Settlements, to inventories.

Once the township development is completed, revisions that may need to be made to the values of the land initially reclassified as inventory is treated as a change in accounting estimate in terms of GRAP 3.

The carrying amount of the land up until the date of reclassification, as determined in accordance with the accounting policy of property, plant and equipment or investment property, is the cost amount on the date of reclassification.

Land inventory is derecognised once an agreement has been entered into with the provincial Department of Human Settlement, that passed control to the department.

### 1.14 Living and non-living resources

Living resources are those resources that undergo biological transformation, whilst non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Non-living resources, other than land, are not be recognised as assets.

A living resource is regarded as an asset when the municipality controls the right or access to future economic benefits or service potential of the resource. This is done by considering whether the following indicators that conclude that control, exists:

- The intervention by a municipality in the management of the physical condition of the living resource.
- The ability to restrict the movement of living resource.
- The ability to direct the use of the living resource.

The municipality is in terms of its mandate responsible for management and/or conservation of the environment as a whole, inclusive of natural resources such as plants and trees within parks and recreational facilities, but it does not manage the physical condition of each individual plant within that environment. As a result, the municipality concludes that it does not control these trees and plants as living resources, and does not regard them as separate assets.

### 1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

#### Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.15 Impairment of property, plant and equipment, investment property, intangible assets and heritage assets (continued)

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

#### Impairment of non-cash-generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.16 Employee benefits

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

#### Short-term employee benefits

Remuneration to employees is recognised in the Statement of financial performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

#### Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of financial performance in the period in which the service is rendered by the relevant employees.

#### Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of financial performance.

#### Post-retirement health care benefits

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

#### Ex-gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl, Wellington, Gouda and Saron Municipalities (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.16 Employee benefits (continued)

#### Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of financial performance.

#### National- and provincially administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis.

Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of the Standard of GRAP 25 on Employee Benefits as multiemployer plans, as sufficient information is not available to apply the principals involved. As a result, this standard of GRAP is applied and such funds are accounted for as defined contribution funds.

Salaried personnel are members of the Cape Joint Pension fund established in terms of the Local Authorities Pension Fund Ordinance, 1969 (Ordinance 23 of 1969), and the provisions of the Pension Fund Act, 1956 (Act 24 of 1956) or the SAMWU National Provident Fund.

#### Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Capital expenditure and Cash flow.

#### Provision for bonus

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

### 1.17 Leases

#### Lease classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

#### Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Capital expenditure and Cash flow as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.17 Leases (continued)

#### Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

### 1.18 Borrowing costs

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the Statement of financial performance in the period in which they are incurred.

### 1.19 Financial instruments

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities.

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

#### 1.19.1 Classification of financial instruments

##### Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

- Derivatives;
- Combined instruments that are designated at fair value;
- Instruments held for trading;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost being investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Capital expenditure and Cash flow or in the notes thereto:

#### Type of financial asset

Finance lease receivables  
Long-term receivables  
Current portion of long-term receivables  
Consumer debtors  
Other debtors  
Short-term investment deposit - Call  
Bank balances and cash  
Investments in stock - ESKOM

#### Classification in terms of GRAP 104

Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at amortised cost  
Financial assets at fair value

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### 1.19 Financial instruments (continued)

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

#### Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of financial liabilities and the classification determining how they are measured exist:

- Financial liabilities measured at amortised cost; or
- Financial liabilities measured at fair value.

The municipality has the following types of financial liabilities as reflected on the face of the Capital expenditure and Cash flow or in the notes thereto:

Type of financial liability	Classification in terms of GRAP 104
Long-term liabilities	Financial liability at amortised cost
Current portion of long-term liabilities	Financial liability at amortised cost
Other creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term loans	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial liabilities where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.19 Financial instruments (continued)

#### 1.19.2 Initial and subsequent measurement

##### Initial recognition and measurement

###### Financial assets:

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to municipal entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the Statement of Financial Performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the Statement of Financial Performance.

###### Financial liabilities:

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of financial performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest-bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of financial performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

#### 1.19.3 Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 104, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

##### Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

##### Other debtors

Other debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

# Drakenstein Municipality

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## Accounting Policies

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### 1.19 Financial instruments (continued)

#### Long-term debtors

##### Housing loans

The loans in this group are assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

##### Other long-term loans

No provision for impairment is made for Other long-term loans, because it is envisaged that these debts will be fully recovered.

Other financial assets at amortised cost are assessed individually for impairment.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### 1.19.4 Derecognition

##### Financial assets

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of financial assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial assets, the municipality continues to recognise the financial assets and also recognises a collateralised borrowing for the proceeds received.

##### Financial liabilities

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

### 1.20 Statutory receivables

#### 1.20.1 Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has the following major categories under the ambit of statutory receivables:

- VAT receivables
- Rates debtors
- Traffic fine debtors
- Availability charges debtors:
  - Electricity;
  - Water;
  - Waste; and
  - Waste water.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.20 Statutory receivables (continued)

#### 1.20.2 Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### 1.20.3 Measurement

The municipality initially measures statutory receivables at their transaction amount.

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### 1.20.4 Impairment of statutory receivables

Statutory receivables, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Statutory receivables are impaired where there is objective evidence of impairment of Statutory receivables (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 108.

A provision for impairment of receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 108, the assessment for impairment needs to be made for each individual financial asset separately or for groups of statutory receivables with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

##### Rate debtors and availability charge debtors

Rates debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

##### Traffic fine debtors

Traffic fine debtors are reviewed collectively considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of financial performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of financial performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.20 Statutory receivables (continued)

#### 1.20.5 De-recognition of statutory receivables

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers control of the statutory receivable and substantially all the risks and rewards of ownership of the asset to another entity; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.21 Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

#### Recognition and measurement

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### 1.21.1 Revenue from exchange transactions

##### Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers. Basic fees are calculated per the size of connection.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.21 Revenue (continued)

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

#### Pre-paid electricity

Revenue from the sale of pre-paid electricity are recognised at the point of sale. Revenue from the sale of prepaid electricity are recognised based on an estimate of the pre-paid electricity consumed as at the reporting date.

#### Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment.

#### Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

#### Traffic charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

#### Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

#### Housing rental and instalments

Finance income from the sale of housing by way of instalment sale agreements or finance leases is recognised on a time proportion basis.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.21.2 Revenue from non-exchange transactions

#### Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.21 Revenue (continued)

#### Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

#### Donations and contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

#### Government grants and receipts

##### - Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

##### - Conditional grants and receipts

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

##### - Interest earned on unspent grants and receipts

Interest earned on unspent grants and receipts is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance in accordance with GRAP 9.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.21 Revenue (continued)

#### Services received in-kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

#### Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

#### Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

### 1.22 Accounting by principal and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.22 Accounting by principal and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.23 Housing arrangements

The ASB issued the guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme.

#### Top structures

Where the municipality acts as a project manager in a housing arrangement, it is regarded as an agent in terms of the principles of GRAP 109 - Accounting by Principals and Agents.

Where the municipality is regarded as an agent, costs related to the construction of top structures and the related recovery thereof (revenue) is not be recognised in the Statement of financial performance of the municipality.

Where the municipality is identified as a project developer, the construction of the houses is performed by the municipality or by the appointment of a sub-contractor to undertake the construction on the municipality's behalf. The municipality applies the GRAP 11, Construction Contracts to account for these construction activities.

Where the municipality is regarded as the project developer and if the outcome of the construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract revenue will be in the form of a grant from the Department of Human settlements and presented and disclosed under transfers and subsidies in the Statement of financial performance.

Contract costs are recognised as an expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### Other transactions related to housing arrangements:

Other transactions may also arise from the Housing Arrangements and fall within the ambit of GRAP 11: Construction Contracts, others with GRAP 9: Revenue from Exchange Transactions, GRAP 23: Revenue from Non-exchange Transactions and GRAP 109: Principal Agent Arrangements.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.23 Housing arrangements (continued)

- Income from grants pertaining to the planning and construction of civil services of a project is considered to be grants and subsidies in terms of GRAP 23: Revenue from Non-exchange transactions.
- Receipts directly attributable to the administration of beneficiaries are accounted for under Operational Revenue as Housing services rendered in terms of GRAP 9: Revenue from Exchange Transactions.
- Receipts that are received to register the title deed in the name of the beneficiary are regarded as receipts and payments on behalf of the beneficiaries in terms of GRAP 109: Principal Agent Arrangements, and as such the municipality is regarded as an agent.

### 1.24 Value Added Tax

The municipality is registered with the South African Revenue Service (SARS) for Value Added Tax (VAT) on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

### 1.25 Grants and subsidies paid

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the audited annual financial statements as expenses in the period that the events giving rise to the transfer occurred.

### 1.26 Unauthorised expenditure

Section 1 of the MFMA, defines Unauthorised expenditure as follows:

- Overspending of the total amount appropriated in the municipality's approved budget;
- Overspending of the total amount appropriated for a vote in the approved budget;
- Expenditure from a vote unrelated to the department or functional area covered by the vote;
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- Spending of an allocation referred to in the above paragraphs of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- A grant by the municipality otherwise than in accordance with this Act.

Section 1 of the MFMA also defines a Vote as:

- One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The municipality uses departments as the main groupings of segments of the municipality's budget. Segments within the municipality are grouped per department to facilitate greater accountability and budget implementation by the respective Executive Directors.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.28 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 1.29 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the municipality at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gains or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.30 Change in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the audited annual financial statements where applicable.

### 1.31 Related parties and related party transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the municipality. An individual is considered to be a close member of the family of another individual if they are married or live together in a relationship similar to a marriage; or if they are separated by no more than two degrees of natural or legal consanguinity or affinity.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.31 Related parties and related party transactions (continued)

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position is disclosed.

Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the municipality.

The municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

### 1.32 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the audited annual financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the audited annual financial statements.

### 1.33 Contingent assets and contingent liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the municipality.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Accounting Policies

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### 1.34 Segmental reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The reportable segments identified are those functional segments reported in the Government Finance Statistics (GFS's) format and the Municipal Vote (Departmental) format per the Monthly Section 71 Management Reports. The information that will be reported is aligned to the monthly section 71 reports which are reviewed by the executive management. The Government Finance Statistics (GFS's) format allows for universal comparability of segments. The main factors considered in selecting the segments were the level of comparability with other preparers and a level of aggregation that does not detract from presenting the separate revenue or service delivery components.

The Municipality uses the Municipal Vote (Departmental) as Primary and the GFS as Secondary segment reporting levels.

The municipality manages its assets and liability as a whole. Only capital expenditure is reviewed based on the location. All other asset and liability management techniques are focused on the asset base as a whole rather than the asset and liability management for a specific area. Service delivery staff are organised in such a manner that service delivery takes place timeously in each town, but it's not a strategic principle to organise assets and liabilities in such a manner that each town is its own small economic/service delivery unit that can operate separately from the rest of the organisation. Segment reporting per geographic area is therefore not deemed relevant.

The assets and liabilities are not reviewed at all on a segregated basis.

The reporting measurement basis for the management reports is the same as that of the annual financial statements.

On the first time adoption of GRAP 18, comparative segment information has not been presented in terms of the transitional provisions contained in Directive 3.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 2. Key judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### 2.1. Judgements

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the audited annual financial statements:

##### Materiality

Materiality is judged by reference to the size and nature of the item. The deciding factor is whether the omission or misstatement could, individually or collectively, influence the decisions that users make on the basis of these audited annual financial statements.

In preparation of the audited annual financial statements materiality has been considered in:

- Deciding what to report in the audited annual financial statements and how to present it.
- Assessing the effect of omissions, misstatements and errors on the audited annual financial statements

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof has been developed. These thresholds are used to make decisions about the reporting of information (i.e. how to recognise, measure, present and disclose items, transactions and events), and used as a margin of error or framework within which to assess misstatements and errors.

Classes of transactions	Base Rand	Level of materiality Rand
Revenue	2,599,632,211	12,998,161
Capital and Operational Expenditure	2,761,561,199	13,807,806
Total Assets	6,743,545,986	33,717,730
Total Liabilities	2,578,656,583	12,893,283
Equity (Net Assets)	4,164,889,403	20,824,447

Based on professional judgement the quantitative value of materiality for the 2021 financial year is set at R 12.85 million.

The municipality has also considered whether certain transactions or balances may be qualitatively material based on the inherent characteristics thereof, even though the transaction or balance is quantitatively immaterial, if:

- The item, transaction or event relates to legal or regulatory requirements.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs.
- The item, transaction or event results in the reversal of a trend.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event.
- An item, transaction or event that affects the going concern assumption of the municipality.

##### Lease classification – Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

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### Lease classification – Municipality as lessee

The municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the municipality.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The municipality has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

### Classification of property as held for strategic purposes

The municipality classifies vacant land that is earmarked for future development in terms of the municipality's Spatial Development Framework, as property, plant and equipment, rather than investment property.

**Criteria for the classification of properties as investment property rather than property, plant and equipment, when classification is difficult are as follow:**

All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as investment property.

### Land held for currently undetermined future use

Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment property. The rental revenue generated is incidental to the purposes for which the property is held.

### Componentisation of Infrastructure assets

All infrastructure assets, acquired before the adoption of GRAP where the acquisition cost could not be obtained, with significant components relating to different useful lives are unbundled into their components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market replacement cost of each component, depreciated for age and condition and recalculated to deemed cost at the acquisition date if known or to the date of initially adopting the standards of GRAP. All infrastructure assets acquired after the adoption of GRAP with significant components relating to different useful lives are unbundled into their components based on the actual expenditure incurred.

### Determination of Repairs and Maintenance costs

Repairs and maintenance is based on management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of municipality owned assets. This includes internal charges (inter departmental charges) such as internal transport costs, charged out to the different departments.

### 2.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

### Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

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### Classification of financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

### Impairment of receivables

The Accounting Policy on Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and GRAP 108: Statutory Receivables, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of service debtors (receivables from exchange and non-exchange transactions) is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

The calculation in respect of the impairment of fine receivables (receivables from non-exchange transactions) is based on an assessment of the past payment history of fines per category.

### Valuation of financial assets at fair value

Where the fair value of financial assets and financial liabilities recorded in the Capital expenditure and Cash flow cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### Assessment of control over land

Land is regarded under control of the Municipality, where it holds legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land (substantive rights).

Land for which the Municipality holds legal title, but is not recognised as under its control, include properties under the house selling schemes, or where a transfer/sales agreement has been entered into with a prospective buyer/transferee, that obtains the right control by means of a binding agreement, if specified that by that agreement that the right transfers before legal title transfers.

Land for which the Municipality does not hold legal title or have custodian of land appointed in terms of legislation, but which is recognised as under the control of the Municipality, are in instances where the Municipality has existing infrastructure such as substations or waste water treatment works or permanent facilities, such as office buildings and community facilities, that it receives the sole economic and service potential from.

### Review of useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

### Valuation of land and buildings and fair value estimations of investment property

Land and buildings were valued and the fair value of investment property determined, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

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### Impairment of property, plant and equipment, intangible assets, heritage assets and inventory

The Accounting Policies on impairment of cash and non-cash generating assets as well as inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to the impairment of property, plant and equipment, intangible assets and heritage assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-cash generating assets.

### Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. Two calculations are made to calculate the present value of the liability, one for the present value of the rehabilitation cost and another to calculate the present value of the post monitoring costs. The increase in the rehabilitation provision due to passage of time is recognised as finance cost in the Statement of financial performance.

### Revenue recognition

The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions.

In particular, in regard to revenue from exchange revenue - when goods are sold, whether the management had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. In regard to revenue from non-exchange transactions - significant estimations were made to the initial recognition and measurement of revenue on fines, on the estimated reductions on initial recognition and measurement. Based on past experience, of the amount of revenue the municipality is entitled to collect was calculated as 97.4% of the value of the fines issued, whereas it was estimated that 82.2% of the value of the fines issued were impaired. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

### Budget information

Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the audited annual financial statements.

### Other

Management also calculates and supplies some estimates to the calculation of:

- Water inventory;
- Bonus provision accrual;
- Performance bonus accrual;
- Staff leave accrual; and
- Prepaid electricity accrual.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021					2020
3. Property, plant and equipment							
3.1 Reconciliation of carrying value							
2021							
		Land	Infrastructure assets	Buildings, structures and facilities	Capital spares	Other assets	Total
Opening carrying value at 01 July 2020							
Cost		927,379,761	7,054,687,946	1,025,024,891	8,511,431	348,380,888	9,363,984,917
Construction work-in-progress		-	366,107,413	51,272,915	-	-	417,380,328
Accumulated depreciation		-	(3,289,767,021)	(156,607,170)	-	(193,564,030)	(3,639,938,221)
		927,379,761	4,131,028,338	919,690,636	8,511,431	154,816,858	6,141,427,024
Additions from acquisitions		-	113,462,338	18,804,459	-	7,983,135	140,249,932
WIP additions		-	120,829,623	10,342,386	-	-	131,172,009
Additions - Transfer from WIP to complete		-	108,470,901	24,748,114	-	-	133,219,015
Depreciation	41	-	(160,291,896)	(49,246,036)	-	(17,026,263)	(226,564,195)
		-	182,470,966	4,648,923	-	(9,043,128)	178,076,761
Carrying value of disposals / transfers							
Cost - disposals		(1,953,328)	(25,766,296)	(441,170)	-	(2,029,131)	(30,189,925)
Cost - WIP transfer to complete		-	(108,470,902)	(24,748,114)	-	-	(133,219,016)
Accumulated depreciation - disposals		-	19,098,892	103,098	-	394,072	19,596,062
		(1,953,328)	(115,138,306)	(25,086,186)	-	(1,635,059)	(143,812,879)
Impairment loss / reversal of impairment loss		-	-	-	-	246,328	246,328
Other changes		-	-	-	3,017,469	-	3,017,469
		-	-	-	3,017,469	246,328	3,263,797
Closing carrying value as at 30 June 2021							
		925,426,433	4,198,360,998	899,253,373	11,528,900	144,384,999	6,178,954,703
Cost		925,426,433	7,250,854,889	1,068,136,294	11,528,900	354,334,891	9,610,281,407
Cost - construction work-in-progress		-	378,466,135	36,867,187	-	-	415,333,322
Accumulated depreciation		-	(3,430,960,026)	(205,750,108)	-	(209,949,892)	(3,846,660,026)
		925,426,433	4,198,360,998	899,253,373	11,528,900	144,384,999	6,178,954,703

The remaining useful lives of some assets were adjusted during 2021, and was treated as a change in accounting estimate (refer to note 50). All changes in accounting estimates are applied prospectively.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021		2020			
3. Property, plant and equipment (continued)							
2020							
		Land	Infrastructure assets	Buildings, structures and facilities	Capital spares	Other assets	Total
Opening carrying value at 01 July 2019							
Cost		923,719,613	6,341,747,073	981,256,662	8,674,332	335,254,353	8,590,652,033
Construction work-in-progress		-	896,374,521	46,485,437	-	-	942,859,958
Accumulated depreciation		-	(3,169,360,307)	(109,082,618)	-	(174,029,946)	(3,452,472,871)
		923,719,613	4,068,761,287	918,659,481	8,674,332	161,224,407	6,081,039,120
Additions from acquisitions		5,476,159	94,003,837	30,802,540	-	10,450,834	140,733,370
WIP additions		-	147,760,316	17,753,167	-	-	165,513,483
Additions - Transfer from WIP to complete		-	678,027,424	12,965,689	-	-	690,993,113
Depreciation	41	-	(150,337,098)	(47,524,551)	-	(19,394,037)	(217,255,686)
		5,476,159	769,454,479	13,996,845	-	(8,943,203)	779,984,280
Carrying value of disposals / transfers							
Cost - disposals		(1,816,011)	(56,340,225)	-	-	(172,668)	(58,328,904)
Cost - WIP transfer to complete		-	(678,027,426)	(12,965,689)	-	-	(690,993,115)
Accumulated depreciation - disposals		-	29,994,820	-	-	89,001	30,083,821
		(1,816,011)	(704,372,831)	(12,965,689)	-	(83,667)	(719,238,198)
Impairment loss / reversal of impairment loss		-	(64,435)	-	-	(229,047)	(293,482)
Other changes		-	(2,750,162)	-	(162,901)	2,750,162	(162,901)
		-	(2,814,597)	-	(162,901)	2,521,115	(456,383)
Closing carrying value as at 30 June 2020							
		927,379,761	4,131,028,338	919,690,637	8,511,431	154,718,652	6,141,328,819
Cost		927,379,761	7,054,687,946	1,025,024,891	8,511,431	348,380,890	9,363,984,919
Cost - construction work-in-progress		-	366,107,413	51,272,915	-	-	417,380,328
Accumulated depreciation		-	(3,289,767,021)	(156,607,169)	-	(193,564,030)	(3,639,938,220)
		927,379,761	4,131,028,338	919,690,637	8,511,431	154,816,860	6,141,427,027

The remaining useful lives of some assets were adjusted during 2020, and was treated as a change in accounting estimate (refer to note 50). All changes in accounting estimates are applied prospectively.

Included in the carrying value for Land is an amount of R 3 291 833.00 (2020: R 3 291 833.00) for land assets where the municipality is not the legal owner or the appointed custodian in terms of legislation but the land is deemed to be under the control of the municipality in terms of IGRAP 18. Please refer to note 2 for key judgements and assumptions made regarding control of land.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

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### 3. Property, plant and equipment (continued)

#### 3.2 Land and buildings carried at fair value

Land and buildings were revalued to fair value during the 2017/2018 financial year. The effective date of revaluation was 01-Jul-2017 and the valuation was performed by registered and independent valuers. The independent valuers are not connected to the municipality.

#### 3.3 Property, plant and equipment pledged as security

No assets have been pledged as security

#### 3.4 Impairment of property, plant and equipment

The municipality assessed its items of property, plant and equipment for any potential impairment losses or reversal of impairment losses on assets.

The following reversals of impairment losses were recognised during the year:

Infrastructure assets	-	64,435
Other assets: Vehicles	(246,328)	229,047
<b>Total impairment recognised</b>	<b>(246,328)</b>	<b>293,482</b>

Impairment losses on vehicles were predominantly due to the assets being damaged beyond repair.

#### 3.5 Change in estimate

##### Useful life of property, plant and equipment

A review of the useful lives and residual values of items of property, plant and equipment has been performed. The change in the estimated useful lives and residual values of various assets of the municipality has resulted in a decrease in depreciation of R 5,466,056 (2020: R 38,858,609).

#### 3.6 Property, plant and equipment under construction or in the process of being developed

No projects were identified where construction or development has been halted, or that is taking a significantly longer period of time to complete than expected.

#### 3.7 Maintenance of property, plant and equipment

##### 3.7.1 Maintenance of property, plant and equipment by nature and type of expenditure

###### 2021

	Buildings, structures and facilities	Infrastructure assets	Other assets	Total
<b>Expenditure</b>				
Contracted Services	11,735,145	23,654,329	26,641,998	62,031,472
Employee Related Cost	57,999,907	107,380,976	5,980,526	171,361,409
Inventory	3,024,216	8,432,596	628,780	12,085,592
Operation Cost	2,040	285,562	-	287,602
	<b>72,761,308</b>	<b>139,753,463</b>	<b>33,251,304</b>	<b>245,766,075</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 3. Property, plant and equipment (continued)

#### 2020

	Buildings, structures and facilities	Infrastructure assets	Other assets	Total
<b>Expenditure</b>				
Contracted Services	5,791,752	27,609,223	24,146,825	57,547,800
Employee Related Cost	57,558,272	102,673,745	5,633,920	165,865,937
Inventory	6,591,629	15,615,384	1,339,925	23,546,938
Operation Cost	43,172	255,300	-	298,472
	<b>69,984,825</b>	<b>146,153,652</b>	<b>31,120,670</b>	<b>247,259,147</b>

### 4. Heritage assets

#### 4.1 Reconciliation of carrying value

#### 2021

	Land and buildings	Monuments and parks	Other assets	Total
<b>Opening carrying value as at 01 July 2020</b>				
Cost	21,698,000	18,825,000	700,700	41,223,700
Accumulated impairment losses	-	-	-	-
<b>Carrying value as at 30 June 2021</b>	<b>21,698,000</b>	<b>18,825,000</b>	<b>700,700</b>	<b>41,223,700</b>
Disposal - cost	(850,000)	-	-	(850,000)
<b>Closing carrying value as at 30 June 2021</b>	<b>20,848,000</b>	<b>18,825,000</b>	<b>700,700</b>	<b>40,373,700</b>

#### 2020

	Land and buildings	Monuments and parks	Other assets	Total
<b>Opening carrying value as at 01 July 2019</b>				
Cost	21,698,000	18,825,000	700,700	41,223,700
Accumulated impairment losses	-	-	-	-
<b>Closing carrying value as at 30 June 2020</b>	<b>21,698,000</b>	<b>18,825,000</b>	<b>700,700</b>	<b>41,223,700</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 4. Heritage assets (continued)

#### 4.1.1 Heritage assets

Land and buildings Heritage assets were revalued to fair value during the 2017/18 financial period. The effective date of revaluation was 1 July 2017 and the valuation was performed by registered and independent valuers.

The comparative sales method was applied to land (historical sites and conservation areas), where comparable valid sales in a specific area was used, compared to the specific property, and market valuation derived. Due to the nature of historical buildings and monuments, i.e. where there is no comparable property sales, the generally accepted methodology of these was limited to the discounted replacement cost of the physical structures.

Included in the historical and naturally significant land and building above is amongst others the Paarl Mountain (Paarlberg) and the Paarl Arboretum. Paarl Mountain is particularly known for its mountain or "Paarl Rock". The huge granite rock is formed by three rounded outcrops that make up Paarl Mountain and is the second largest granite outcrop in the world and forms part of the Nature Reserve. The site is a Provincial Heritage Site (SAHRA Nr 9/2/069/0028).

The Paarl Arboretum is situated on the eastern bank of the Berg River, is 2.8 km long and occupies approximately 31 ha. Divided into 6 "continents" a unique feature is that trees and shrubs are grouped according to continents of origin. In excess of 2 600 trees and shrubs, entering some 650 different species can be observed.

The following buildings owned by the Municipality, declared Provincial Heritage sites, have been classified as Heritage assets:

1. De Oude Woning, 214 Main Street, Paarl (SAHRA Nr 9/2/069/0105) dating from the late 1780's.
2. The Old Dutch Reformed Church Parsonage (now the Paarl Museum), Van der Lingen plein, Paarl (SAHRA Nr 9/2/069/0071). The Parsonage was built in 1787.
3. Ouma Granny's House, 37 Fontein Street, Wellington (SAHRA Nr 9/2/106/0012), Victorian cottage dating to 1876 - this property was alienated during the 2021 financial year.
4. Coronation Arch, Victoria Jubilee Park, Church Street, Wellington (SAHRA Nr 9/2/106/0019/1), dating to 1902.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020		
5. Intangible assets					
5.1 Reconciliation of carrying value					
2021					
		Computer software	Plans and designs	Licenses and rights	Total
Opening carrying value as at 01 July 2020					
Cost		9,736,905	89,660	975,357	10,801,922
Accumulated depreciation and impairment		(4,814,745)	(53,795)	(665,626)	(5,534,166)
		4,922,160	35,865	309,731	5,267,756
Additions from acquisitions		904,785	-	-	904,785
Amortisation	41	(823,500)	(7,173)	(86,868)	(917,541)
		81,285	(7,173)	(86,868)	(12,756)
Carrying value of disposals / transfers					
Cost		(50,649)	-	(9,642)	(60,291)
Accumulated depreciation and impairment		50,649	-	9,642	60,291
		-	-	-	-
Closing carrying value as at 30 June 2021					
		5,003,445	28,692	222,863	5,255,000
Cost		10,591,041	89,660	975,357	11,656,058
Accumulated amortisation and impairment		(5,587,596)	(60,968)	(752,494)	(6,401,058)
		5,003,445	28,692	222,863	5,255,000
2020					
		Computer software	Plans and designs	Licenses and rights	Total
Opening carrying value as at 01 July 2019					
Cost		9,696,048	1,930,927	952,704	12,579,679
Accumulated depreciation and impairment		(4,640,028)	(1,583,011)	(564,345)	(6,787,384)
		5,056,020	347,916	388,359	5,792,295
Additions from acquisitions		859,106	-	22,653	881,759
Amortisation	41	(992,965)	(312,053)	(101,282)	(1,406,300)
		(133,859)	(312,053)	(78,629)	(524,541)
Carrying value of disposals / transfers					
Cost		(818,247)	(1,841,268)	-	(2,659,515)
Accumulated depreciation and impairment		818,247	1,841,268	-	2,659,515
		-	-	-	-
Closing carrying value as at 30 June 2020					
		4,922,161	35,863	309,730	5,267,754
Cost		9,736,906	89,658	975,356	10,801,920
Accumulated amortisation and impairment		(4,814,745)	(53,795)	(665,626)	(5,534,166)
		4,922,161	35,863	309,730	5,267,754



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 5. Intangible assets (continued)

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of financial performance (see Note 41).

The amortisation method and useful life of intangible assets is set out in the accounting policy note of intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

### 6. Investment property

#### 6.1 Reconciliation of carrying value

##### Opening carrying value

Cost	42,193,200	40,375,000
Fair Value Adjustments	3,426,800	1,818,200
<b>Closing carrying value</b>	<b>45,620,000</b>	<b>42,193,200</b>

Cost	45,620,000	42,193,200
Accumulated depreciation and impairment losses	-	-
	<b>45,620,000</b>	<b>42,193,200</b>

Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of investment property.

#### Method of asset valuation 2020/2021

The date of fair value assessment was on 30 June 2021.

Each property was identified and inspected and fair values adjusted where appropriate. An investment property could be described as a real estate property that has the ability of earning a return on investment, either through rental income and/or the future resale of the property or both. The methodology applied was therefore based on open market value, taking into account the zoning status of the property, the cost implications of the rezoning process and any other limitations.

A register containing the information required by section 63 of the Municipal Finance Management Act (Act 56 of 2003) is available for inspection at the registered offices of the municipality.

Revaluation of all Investment Property was performed by a Professional Associated Valuer (Reg no. 4729), Jean Marais from Real Direct Property Valuations.

Revenue and expenditure disclosed in the Statement of financial performance include rental revenue earned from investment property to the amount of R 323,318 (2020: R 673,399).

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are contractual obligations for repairs to certain Investment Properties which are leased out.

The prior year comparatives have been restated, please refer to note 50 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 7. Investments

#### 7.1 Carrying value of investments

##### 2021

	Fair value	Total
<b>Carrying value as at 30 June 2021</b>		
Eskom stock	39,706	39,706
Transferred to cash and cash equivalents	(39,706)	(39,706)
<b>Total</b>	-	-

##### 2020

	Fair value	Total
<b>Carrying value as at 30 June 2020</b>		
Eskom stock	82,298	82,298

#### 7.2 Fair value of investments

The fair value of listed investments is estimated at R 39,706 (2020: R 82,298). Fair value is determined based on discounted cash flow analysis, at a discounted rate of 3.75% and 4.30%, (2020: 4.50% and 5.30%).

Listed shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum. Investment will mature in three equal tranches on 1 August 2019, 2020 and 2021.

The fair value of investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

### 8. Non-current receivables from exchange transactions

#### Other receivables

Housing selling schemes		351,253	355,749
Public organisation		77,834	77,834
<b>Total</b>		<b>429,087</b>	<b>433,583</b>
Transferred to current receivables	13	(156,788)	(104,778)
<b>Total non-current other receivables</b>	<b>8.1</b>	<b>272,299</b>	<b>328,805</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 8. Non-current receivables from exchange transactions (continued)

#### 8.1 Other non-current receivables

	2021			2020		
	Gross	Impairment	Total	Gross	Impairment	Total
Housing selling schemes	554,593	(203,340)	351,253	721,403	(365,654)	355,749
Public organisation	77,834	-	77,834	77,834	-	77,834
<b>Total</b>	<b>632,427</b>	<b>(203,340)</b>	<b>429,087</b>	<b>799,237</b>	<b>(365,654)</b>	<b>433,583</b>

#### Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest, as determined by the National Minister of Housing, currently 13.5% per annum and are repayable over 20 years.

#### Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

#### 8.1.1 Impairment reconciliation of other non-current receivables

	2021			2020		
	Opening balance	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Closing balance
Housing selling schemes	365,654	(162,314)	203,340	195,505	170,149	365,654

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of the credit risk is limited due to the customer base being large and unrelated. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>9. Inventories</b>		
Consumables	3,307,990	4,898,592
Materials and supplies	27,450,615	26,149,580
Water	905,874	669,590
Spare parts for Plant & Equipment	112,355	107,271
Plants held for resale	152,215	78,990
Land for BNG housing	2,944,215	2,944,215
Less: Inventory held as spare parts for infrastructure assets	(11,528,892)	(8,511,423)
<b>Total Inventories</b>	<b>23,344,372</b>	<b>26,336,815</b>

No inventories were pledged as security for liabilities.

During the year inventory to the amount of R 130,203 (2020: R 203,328) was written off due to discrepancies identified during the annual stock count. An amount of R 47,097 (2020: R 79,592) was written off due to valuation of inventory at the lower of cost and NRV in accordance with GRAP 12.

Inventories of R 11,528,949 (2020: R 8,511,423) are held as major spare parts for infrastructure assets and has been transferred to property, plant and equipment.

### 10. Trade and other receivables from exchange transactions

<b>Consumer receivables from exchange transactions</b>	10.1		
Electricity		171,587,114	170,285,085
Water		38,584,754	56,203,158
Waste management		39,116,341	46,686,287
Waste water management		30,299,421	31,185,106
Housing rental scheme		792,938	1,794,836
Housing selling scheme		76,744	108,276
		<b>280,457,312</b>	<b>306,262,748</b>
<b>Other receivables from exchange transactions</b>	10.2		
Sundry debtors		18,843,205	15,932,082
Other receivables from exchange transactions		4,078,196	4,871,098
Less: Provision for impairment		(11,303,911)	(10,698,291)
		<b>11,617,490</b>	<b>10,104,889</b>
<b>Total receivables from exchange transactions</b>		<b>292,074,802</b>	<b>316,367,637</b>

The prior year comparatives have been restated, please refer to note 49 for more detail information.

#### 10.1 Consumer receivables

The average credit period for consumer receivables is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of consumer receivables.

The management of the municipality is of the opinion that the carrying value of consumer receivables approximate their fair values.

The fair value of consumer receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and consumer receivables as well as the current payment ratios of the municipality's consumer receivables.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 10. Trade and other receivables from exchange transactions (continued)

	2021			2020		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables from exchange transactions</b>						
Electricity	204,377,056	(32,789,942)	171,587,114	191,681,932	(21,396,847)	170,285,085
Water	90,327,424	(51,742,670)	38,584,754	109,616,636	(53,413,478)	56,203,158
Waste management	50,928,929	(11,812,588)	39,116,341	55,101,822	(8,415,535)	46,686,287
Waste water management	35,836,456	(5,537,035)	30,299,421	36,788,624	(5,603,518)	31,185,106
Housing rental scheme	6,968,172	(6,175,234)	792,938	13,443,013	(11,648,177)	1,794,836
Housing selling scheme	1,000,016	(923,272)	76,744	1,000,864	(892,588)	108,276
<b>Total consumer receivables from exchange transactions</b>	<b>389,438,053</b>	<b>(108,980,741)</b>	<b>280,457,312</b>	<b>407,632,891</b>	<b>(101,370,143)</b>	<b>306,262,748</b>

#### 10.1.1 Ageing of consumer receivables

##### 2021

	Not due			Past due		
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
<b>Consumer receivables from exchange transactions</b>						
<b>Aging by debt type</b>						
Electricity	161,135,911	2,363,466	7,922,338	2,593,469	4,433,412	3,203,644
Water	20,639,648	1,488,675	4,253,041	1,735,996	3,709,993	2,340,090
Waste management	9,259,078	324,491	2,332,724	334,324	1,809,390	505,220
Waste water management	10,235,983	315,611	1,808,765	319,998	1,246,489	388,481
Housing rental scheme	279,425	19,266	144,754	21,156	157,894	54,172
Housing selling scheme	24,936	5,206	19,703	5,185	17,461	4,757
<b>Total</b>	<b>201,574,981</b>	<b>4,516,715</b>	<b>16,481,325</b>	<b>5,010,128</b>	<b>11,374,639</b>	<b>6,496,364</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from exchange transactions</b>					
<b>Aging by debt type</b>					
Electricity	30,885,400	24,629,363	204,377,056	32,789,942	12,814,669
Water	61,724,742	46,177,909	90,327,424	51,742,670	19,433,781
Waste management	37,527,737	10,648,553	50,928,929	11,812,588	30,181,754
Waste water management	22,545,219	4,512,945	35,836,456	5,537,035	20,379,049
Housing rental scheme	6,386,099	6,080,640	6,968,172	6,175,234	532,779
Housing selling scheme	937,916	908,124	1,000,016	923,272	57,014
<b>Total</b>	<b>160,007,113</b>	<b>92,957,534</b>	<b>389,438,053</b>	<b>108,980,741</b>	<b>83,399,046</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 10. Trade and other receivables from exchange transactions (continued)

2020

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from exchange transactions</b>						
<b>Aging by debt type</b>						
Electricity	144,807,271	1,247,544	9,749,995	1,162,854	7,472,748	1,192,825
Water	31,385,775	1,453,216	4,747,567	1,489,487	3,771,703	1,464,437
Waste management	9,201,531	553,605	3,774,455	559,305	3,090,247	612,669
Waste water management	9,013,995	380,580	2,765,364	383,619	2,225,824	413,419
Housing rental schemes	877,033	347,989	871,105	348,316	716,256	397,169
Housing selling scheme	30,725	7,257	28,702	7,257	27,058	7,120
<b>Total</b>	<b>195,316,330</b>	<b>3,990,191</b>	<b>21,937,188</b>	<b>3,950,838</b>	<b>17,303,836</b>	<b>4,087,639</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from exchange transactions</b>					
<b>Aging by debt type</b>					
Electricity	29,651,917	17,793,624	191,681,932	21,396,847	26,725,358
Water	69,711,591	49,006,338	109,616,636	53,413,478	26,270,599
Waste management	39,035,589	6,689,956	55,101,822	8,415,535	38,038,361
Waste water management	22,783,441	4,425,900	36,788,624	5,603,518	22,551,691
Housing rental scheme	10,978,619	10,554,703	13,443,013	11,648,177	1,265,792
Housing selling scheme	914,379	870,954	1,000,864	892,588	84,808
<b>Total</b>	<b>173,075,536</b>	<b>89,341,475</b>	<b>407,632,891</b>	<b>101,370,143</b>	<b>114,936,609</b>

The impairment provision was calculated after individually assessing consumer receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of consumer debtors.

In determining the recoverability of a Consumer receivable, the municipality considers any change in the credit quality of the Consumer receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Included in the Allowance for Doubtful Debts are individually impaired Consumer receivables with a balance of R568,836 (2020: R422,814) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer receivables and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 10. Trade and other receivables from exchange transactions (continued)

#### 10.2 Other receivables from exchange transactions

	2021			2020		
	Gross	Impairment	Total	Gross	Impairment	Total
Sundry debtors	18,843,205	-	18,843,205	15,932,082	-	15,932,082
Other receivables from exchange transactions	4,078,196	-	4,078,196	4,871,098	-	4,871,098
Less: Provision form impairment	-	(11,303,911)	(11,303,911)	-	(10,698,291)	(10,698,291)
<b>Total</b>	<b>22,921,401</b>	<b>(11,303,911)</b>	<b>11,617,490</b>	<b>20,803,180</b>	<b>(10,698,291)</b>	<b>10,104,889</b>

#### 10.2.1 Impairment reconciliation of consumer and other receivables from exchange transactions

	2021			2020			
	Opening balance	Impairment raised	Impairment reversed / debt written off	Closing balance	Opening balance	Impairment raised	Impairment reversed / debt written off
Consumer receivables	101,370,143	63,123,235	(55,512,637)	108,980,741	61,615,127	78,875,009	(39,119,993)
Other receivables	10,698,291	1,489,308	(883,688)	11,303,911	3,537,398	7,739,608	(578,715)
<b>Total</b>	<b>112,068,434</b>	<b>64,612,543</b>	<b>(56,396,325)</b>	<b>120,284,652</b>	<b>65,152,525</b>	<b>86,614,617</b>	<b>(39,698,708)</b>

# Drakenstein Municipality

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>11. Receivables from non-exchange transactions</b>		
<b>Statutory receivables</b>	11.1	
Property rates	35,634,758	36,651,110
Electricity	671,910	775,065
Water	875,890	982,541
Waste management	2,191,290	2,062,542
Waste water management	2,109,107	2,084,911
Fines	15,924,713	8,759,968
	<b>57,407,668</b>	<b>51,316,137</b>
<b>Other receivables</b>		
Grants and subsidies	32,801,856	45,614,339
Prepayments	7,546,965	2,396,932
Other receivables	6,237,507	4,517,867
Rental leases: straight line	17,625	19,548
	<b>46,603,953</b>	<b>52,548,686</b>
<b>Total receivables</b>	<b>104,011,621</b>	<b>103,864,823</b>

### 11.1 Receivables from non-exchange transactions

	2021			2020		
	Gross	Impairment	Total	Gross	Impairment	Total
<b>Consumer receivables</b>						
Property rates	46,189,970	(10,555,212)	35,634,758	45,230,707	(8,579,597)	36,651,110
Electricity	1,069,228	(397,318)	671,910	1,020,427	(245,362)	775,065
Water	2,110,717	(1,234,827)	875,890	1,960,307	(977,766)	982,541
Waste management	2,715,454	(524,164)	2,191,290	2,298,585	(236,043)	2,062,542
Waste water management	2,550,021	(440,914)	2,109,107	2,292,287	(207,376)	2,084,911
Fines	186,818,797	(170,894,084)	15,924,713	124,491,341	(115,731,373)	8,759,968
	<b>241,454,187</b>	<b>(184,046,519)</b>	<b>57,407,668</b>	<b>177,293,654</b>	<b>(125,977,517)</b>	<b>51,316,137</b>
<b>Other receivables</b>						
Grants and subsidies	32,801,856	-	32,801,856	45,614,339	-	45,614,339
Prepayments	7,546,965	-	7,546,965	2,396,932	-	2,396,932
Other receivables	6,237,507	-	6,237,507	4,517,867	-	4,517,867
Rental leases: straight line	17,625	-	17,625	19,548	-	19,548
	<b>46,603,953</b>	<b>-</b>	<b>46,603,953</b>	<b>52,548,686</b>	<b>-</b>	<b>52,548,686</b>
<b>Total</b>	<b>288,058,140</b>	<b>(184,046,519)</b>	<b>104,011,621</b>	<b>229,842,340</b>	<b>(125,977,517)</b>	<b>103,864,823</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 11. Receivables from non-exchange transactions (continued)

#### 11.1.1 Impairment reconciliation of receivables from non-exchange transactions

	2021				2020			
	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance	Opening balance	Contributions	Impairment reversed / debt written off	Closing balance
<b>Reconciliation of impairment provision</b>								
Property rates	8,579,598	3,382,243	(1,406,629)	10,555,212	5,801,087	4,036,016	(1,257,506)	8,579,597
Availability charges receivables	1,666,547	1,008,025	(77,349)	2,597,223	1,123,243	575,006	(31,702)	1,666,547
Fines	115,731,373	108,297,890	(53,135,179)	170,894,084	119,713,764	66,195,634	(70,178,025)	115,731,373
<b>Total</b>	<b>125,977,518</b>	<b>112,688,158</b>	<b>(54,619,157)</b>	<b>184,046,519</b>	<b>126,638,094</b>	<b>70,806,656</b>	<b>(71,467,233)</b>	<b>125,977,517</b>

The prior year comparatives have been restated, please refer to note 49 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 11. Receivables from non-exchange transactions (continued)

#### 11.1.2 Additional information regarding receivables from non-exchange transactions

##### 2021

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from non-exchange transactions</b>						
<b>Aging by debt type</b>						
Property rates	22,264,364	638,320	2,639,354	638,776	1,343,573	566,072
Electricity	154,796	10,779	96,821	10,995	62,951	28,837
Water	130,655	7,839	56,822	7,839	48,915	10,136
Waste management	521,430	16,812	119,241	16,644	89,127	19,977
Waste water management	198,936	11,899	88,178	11,899	75,203	13,113
Fines	7,649,182	6,482,777	11,527,787	9,857,321	10,104,111	8,692,677
<b>Total</b>	<b>30,919,363</b>	<b>7,168,426</b>	<b>14,528,203</b>	<b>10,543,474</b>	<b>11,723,880</b>	<b>9,330,812</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from non-exchange transactions</b>					
<b>Aging by debt type</b>					
Property rates	19,942,677	8,712,040	46,189,970	10,555,208	14,008,718
Electricity	754,660	346,707	1,069,228	397,318	527,893
Water	1,874,325	1,209,013	2,110,717	1,234,827	753,074
Waste management	1,985,656	470,731	2,715,454	524,164	1,686,672
Waste water management	2,187,704	404,003	2,550,021	440,914	1,922,070
Fines	157,537,716	145,861,309	186,818,797	170,894,084	14,758,308
<b>Total</b>	<b>184,282,738</b>	<b>157,003,803</b>	<b>241,454,187</b>	<b>184,046,515</b>	<b>33,656,735</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 11. Receivables from non-exchange transactions (continued)

2020

	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 Impaired
<b>Consumer receivables from non-exchange transactions</b>						
<b>Aging by debt type</b>						
Property rates	19,715,839	476,616	3,927,104	476,049	2,485,969	455,025
Electricity	135,665	9,327	59,887	9,327	52,149	9,327
Water	129,748	7,270	68,427	7,270	62,131	7,270
Waste management	491,480	14,189	149,652	14,189	127,875	14,189
Waste water management	195,523	10,426	102,496	10,426	92,635	10,426
Fines	10,005,206	8,273,921	8,222,174	6,824,512	4,292,890	3,659,770
<b>Total</b>	<b>30,673,461</b>	<b>8,791,749</b>	<b>12,529,740</b>	<b>7,341,773</b>	<b>7,113,649</b>	<b>4,156,007</b>

	Past due				
	91 - 120+	91 - 120+ impaired	Total	Total impaired	Total - Past due but not impaired
<b>Consumer receivables from non-exchange transactions</b>					
<b>Aging by debt type</b>					
Property rates	19,101,795	7,171,907	45,230,707	8,579,597	17,411,887
Electricity	772,727	217,380	1,020,427	245,362	648,727
Water	1,700,001	955,955	1,960,307	977,766	860,063
Waste management	1,529,578	193,476	2,298,585	236,043	1,585,251
Waste water management	1,901,632	176,097	2,292,287	207,376	1,899,814
Fines	101,971,072	96,973,171	124,491,341	115,731,373	7,028,683
<b>Total</b>	<b>126,976,805</b>	<b>105,687,986</b>	<b>177,293,654</b>	<b>125,977,517</b>	<b>29,434,425</b>

#### Property rates

Property rates receivables are statutory receivables and arise from property taxes levied on property owners based on the valuation of properties per the valuation roll in accordance with the Municipal Property Rates Act, No 6 of 2004 and Drakenstein Municipality's Property Rates Policy. A general valuation is performed every four years, with supplementary valuations in between.

The average credit period for property rates receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of property rates receivables.

The management of the municipality is of the opinion that the carrying value of property rates receivables approximate their fair values.

The impairment provision was calculated after individually assessing property rates receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of property rates debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 11. Receivables from non-exchange transactions (continued)

#### Availability charges on water, electricity, refuse & sewerage

Availability charges on Water, Electricity, Refuse & Sewerage receivables are statutory receivables and arise from basic charges levied on vacant properties in accordance with the relevant bylaws of the Drakenstein Municipality.

The average credit period for availability charges on Water, Electricity, Refuse & Sewerage receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Availability charges on Water, Electricity, Refuse & Sewerage receivables.

The management of the municipality is of the opinion that the carrying value of Availability charges on Water, Electricity, Refuse & Sewerage receivables approximate their fair values.

The impairment provision was calculated after individually assessing Availability charges on Water, Electricity, Refuse & Sewerage receivables and by estimating the probability of future payment ratios, using a formula-based approach by considering the historical payment ratios and other characteristics found per groups of availability charges on Water, Electricity, Refuse & Sewerage debtors.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

#### Traffic fines

Traffic fines receivables are statutory receivables and arise from traffic infringements committed and fines issued as a result, in terms of the Criminal Procedure Act, No 501 of 1977.

The Traffic fines must be issued within 30 days of offence, after which it is payable. No interest is charged.

The management of the municipality is of the opinion that the carrying value of Traffic fines receivables approximate their fair values.

The impairment provision was calculated after collectively assessing Traffic fines receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on traffic fines receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

#### Other receivables

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for other receivables is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of other receivables.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 11. Receivables from non-exchange transactions (continued)

The management of the municipality is of the opinion that the carrying value of other receivables approximate their fair values.

The fair value of other receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as other receivables. The current payment ratio's of other receivables were also taken into account for fair value determination.

The impairment provision was calculated after individually assessing other receivables and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other receivables exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

### 12. Cash and cash equivalents

#### 12.1 Bank accounts

The municipality has the following bank accounts:

FNB Primary Bank Account	627-023-103-85	86,252,360	84,293,562
FNB Secondary Bank Account	627-023-123-49	-	-
FNB Traffic Fines Bank Account	620-715-265-14	-	-
FNB Motor Vehicle Licensing Bank Account	628-046-375-70	-	-
<b>Total</b>		<b>86,252,360</b>	<b>84,293,562</b>
Bank statement balance at beginning of year		84,293,562	8,777,432
Bank statement balance at end of year		86,252,360	84,293,562
Cash book balance at beginning of year		80,567,486	9,000,353
Bank statement balance at end of year		86,252,360	84,293,562
Net movement / reconciling items		1,418,843	(3,726,076)
<b>Cash book balance at end of year</b>		<b>87,671,203</b>	<b>80,567,486</b>

Comparative figures have been restated, refer to note 50 for more detail information.

#### 12.2 Cash and cash equivalents

Cash and cash equivalents consist of the following:

<b>Call deposits and investments</b>		
Short term investment deposits	51,045,498	5,962
Short term portion of investments	39,706	-
<b>Cash at bank</b>		
Bank account	87,671,203	80,567,486
Cash on hand	24,952	26,450
<b>Total cash and cash equivalents</b>	<b>138,781,359</b>	<b>80,599,898</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 12. Cash and cash equivalents (continued)

All account balances are cleared on a daily basis to the main account. The municipality does not have an overdraft facility with FNB.

For the purposes of the Cash flow statement, bank balances, cash and cash equivalents include cash-on-hand, cash in banks and investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of bank balances, cash and cash equivalents recorded at amortised cost in the audited annual financial statements approximate their fair values.

The fair value of bank balances, cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

#### Call deposits and investments by financial institution

Institution	Account number	Account type		
ABSA	92-9096-7912	Call deposit	1,110	1,110
ABSA	92-9214-9948	Call deposit	1,104	1,104
ABSA	92-9416-2871	Call deposit	1,110	1,110
ABSA	92-9735-7532	Call deposit	1,106	1,106
ABSA	92-9737-3681	Call deposit	1,062	1,062
ABSA	40-9637-0104	Call deposit	488	470
ABSA	93-5338-8392	Call deposit	15,553,360	-
ABSA	93-5591-4684	Call deposit	7,686,567	-
ABSA	93-5612-6210	Call deposit	7,799,591	-
			<b>31,045,498</b>	<b>5,962</b>
NEDBANK	03/7881536373/000206	60 Days' Notice Deposit	20,000,000	-
ESKOM limited	NO E175	Bond shares	39,706	-
<b>Total investments</b>			<b>51,085,204</b>	<b>5,962</b>

### 13. Current portion of non-current receivables

Current portion of non-current receivables	8	156,788	104,778
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### 14. Borrowings

<b>Total borrowings</b>		
Annuity Loans	1,636,956,882	1,656,638,729
<b>Less: Current portion transferred to current liabilities</b>		
Annuity Loans	(18,555,870)	(19,681,848)
<b>Non-current borrowings</b>	<b>1,618,401,012</b>	<b>1,636,956,881</b>

#### 14.1 Summary of arrangements

Annuity loans are repaid over periods varying from 1 to 16 (2020: 2 to 17) years and at interest rates varying from 9.68% to 11.48% (2020: 9.14% to 12.275%) per annum.

Annuity loans are not secured.

During 2020, certain long term borrowings were restructured which included a redemption holiday. The biggest capital redemption will start being payable in December 2022.

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 14. Borrowings (continued)

Refer to Appendix 'A' for more detail on borrowings.

### 15. Finance lease liabilities

#### 15.1 Carrying value of lease liabilities

##### 2021

	Fair value	Amortised cost	Total
<b>Carrying value as at 30 June 2021</b>			
Finance lease liability	-	26,762	26,762
Transferred to current liabilities	-	1,413,432	1,413,432
<b>Total</b>	-	<b>1,440,194</b>	<b>1,440,194</b>

##### 2020

	Fair value	Amortised cost	Total
<b>Carrying value as at 30 June 2020</b>			
Finance lease liability	-	1,440,194	1,440,194
Transferred to current liabilities	-	1,717,999	1,717,999
<b>Total</b>	-	<b>3,158,193</b>	<b>3,158,193</b>

#### 15.2 Obligation under finance leases

##### The municipality as lessee

The obligations under finance leases are as follow:

##### Minimum lease payments payable

Payable within one year	1,481,969	1,951,234
Payable within two to five years	27,037	1,509,005
<b>Total minimum lease payments</b>	<b>1,509,006</b>	<b>3,460,239</b>
Less: Future finance charges	(68,812)	(302,046)
	<b>1,440,194</b>	<b>3,158,193</b>

##### Present value of minimum lease payments

Payable within one year	1,413,432	1,717,999
Payable within two to five years	26,762	1,440,194
	<b>1,440,194</b>	<b>3,158,193</b>

Finance leases were entered into for certain photocopier machines for a lease period of 36 months, electronic cashboxes/drop safes for a lease period of 48 months. Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The minimum lease payments equals the fair value of the equipment.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>16. Employee benefits</b>			
<b>Non-current employee benefits</b>			
Post-employment health care benefits	16.1	187,191,000	168,354,000
Ex-Gratia pension benefits	16.2	1,008,000	1,028,000
Provision for long-service awards	16.3	38,850,000	35,387,000
		<b>227,049,000</b>	<b>204,769,000</b>
<b>Current employee benefits</b>			
Post-employment health care benefits	16.1	11,132,001	9,605,001
Ex-Gratia pension benefits	16.2	115,000	113,000
Provision for long-service awards	16.3	4,403,000	4,507,000
Provision for bonuses	16.4	19,276,622	19,229,140
Provision for performance bonuses	16.5	2,311,736	2,254,517
Provision for staff leave	16.6	47,007,578	48,487,309
Provision for TASK backpay	16.7	6,627,428	19,740,778
		<b>90,873,365</b>	<b>103,936,745</b>
<b>Total employee benefits</b>		<b>317,922,365</b>	<b>308,705,745</b>

### 16.1 Post-employment health care benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by Mr Julian van der Spuy and Mr Boyd Oosthuizen of ZAQEN Actuaries Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employee Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
In-service members (Employees)	720	730
Continuation members (Retirees)	222	219
<b>Total members</b>	<b>942</b>	<b>949</b>

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	92,853,000	79,226,000
Continuation members (Retirees)	105,470,001	98,733,001
<b>Total liability</b>	<b>198,323,001</b>	<b>177,959,001</b>
Non-current	187,191,000	168,354,000
Current	11,132,001	9,605,001
<b>Total liability</b>	<b>198,323,001</b>	<b>177,959,001</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 16. Employee benefits (continued)

- Fed Health
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R 6,380,000 whereas the Interest Cost is estimated to be R 20,954,000.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

#### i) Rates of interest

Discount rate	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Difference between nominal and yield curve	Difference between nominal and yield curve
Health care cost inflation rate	CPI+1%	CPI+1%
Net effective discount rate	Yield curve base	Yield curve base

GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:

The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

The Actuaries used the nominal and real zero curves as at 30 June 2021 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

#### ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

#### iii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

#### iv) Spouses and dependents

We assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

#### v) Withdrawal rates

Assumptions have also been made on the withdrawal rates from service per 5 years of age gap and per gender.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Employee benefits (continued)</b>		
<b>Amounts recognised in the statement of financial position are as follow:</b>		
Fair value of plan assets	-	-
Unrecognised actuarial gains / (losses)	-	-
Present value of unfunded obligations	198,323,001	177,959,001
<b>Total benefit liability</b>	<b>198,323,001</b>	<b>177,959,001</b>

**Amounts recognised in the statement of financial performance are as follow:**

Current service cost	5,380,000	6,468,000
Interest cost	21,469,000	20,692,000
Actuarial loss/ (gain) recognised in the year	3,462,532	(49,808,389)
<b>Total post-retirement benefit included in employee related costs</b>	<b>39 30,311,532</b>	<b>(22,648,389)</b>

**Movements in the present value of the defined benefit obligation were as follow:**

Balance at the beginning of the year	177,959,001	210,897,000
Current service cost	5,380,000	6,468,000
Interest cost	21,469,000	20,692,000
Actual employer benefit payments	(9,947,532)	(10,289,610)
Actuarial loss/ (gain) recognised in the year	3,462,532	(49,808,389)
<b>Present value of fund obligation at the end of the year</b>	<b>198,323,001</b>	<b>177,959,001</b>

**Movements in the present value of the defined benefit assets were as follow:**

Balance at the beginning of the year	-	-
Contributions from the employer	7,926,583	10,289,610
Benefits paid	(7,926,583)	(10,289,610)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

**History of experienced adjustments are as follow:**

	2017	2018	2019	2020	2021
Present value of defined benefit obligation	118,305,000	124,485,000	210,897,000	177,959,000	198,323,000
Fair value of plan assets	-	-	-	-	-
<b>Deficit</b>	<b>118,305,000</b>	<b>124,485,000</b>	<b>210,897,000</b>	<b>177,959,000</b>	<b>198,323,000</b>

Experienced adjustments on defined benefit obligation

-	-	-	-	-
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	1% Decrease	1% Increase
Effect on the defined benefit obligation	176,750,000	224,285,000
Effect on the aggregate of the interest cost	18,589,000	23,804,000
Effect on the aggregate of the current service cost	5,271,000	7,787,000

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 16. Employee benefits (continued)

#### Total accrued liability

The effect of a 20% movement in the assumed mortality rates are as follow on the ensuing years assumptions:

	-20% Mortality rate	+20% Mortality rate
Total accrued liability	216,808,000	183,377,000
Effect on the aggregate of the interest cost	22,962,000	19,330,000
Effect on the aggregate of the current service cost	6,982,000	5,883,000

The municipality expects to make a contribution of R 11,132,000 to the Defined Benefit Plan during the next financial year.

Refer to note 59 Retirement Benefit Information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

#### 16.2 Ex-Gratia pension benefits

The municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the [Former Paarl, Wellington and Gouda Municipality] (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by Mr Julian van der Spuy and Mr Boyd Oosthuizen of ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the multiplying the annual pension provided, by an appropriate annuity factor as at the valuation date.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	Number	Number
In-service members (Employees)	135	145
Continuation members (Retirees)	6	6
<b>Total members</b>	<b>141</b>	<b>151</b>

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	786,000	799,000
Continuation members (Retirees)	337,000	342,000
<b>Total liability</b>	<b>1,123,000</b>	<b>1,141,000</b>
Non-current	1,008,000	1,028,000
Current	115,000	113,000
<b>Total liability</b>	<b>1,123,000</b>	<b>1,141,000</b>
Lump sum benefit	786,000	799,000
Pension benefit	337,000	342,000
	<b>1,123,000</b>	<b>1,141,000</b>

The interest-cost for the next year is estimated to be R 82,000. The actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Employee benefits (continued)</b>		
<b>i) Rates of interest</b>		
<b>Lump sum valuation</b>		
Discount rate	8.01 %	7.35 %
Consumer Price Inflation (CPI)	5.15 %	3.14 %
Pension increase rate (Pensioners)	6.15 %	4.14 %
Net effective discount rate	1.75 %	3.08 %
<b>Pensioner valuation</b>		
Discount rate	6.94 %	6.24 %
Consumer Price Inflation (CPI)	4.50 %	2.80 %
Pension increase rate (Pensioners)	5.50 %	3.80 %
Net effective discount rate	1.36 %	2.35 %
In accordance with GRAP 25 the discount rate was determined using the implied duration of the liability to obtain an appropriate interest rate on the yield curve. The nominal and real zero curves as at 30 June 2021 supplied by the JSE was used to determine the discounted rates and CPI assumptions.		
<b>ii) Mortality rates</b>		
Mortality before retirement has been based on the PA (90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.		
<b>iii) Normal retirement age</b>		
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.		
<b>The amounts recognised in the statement of financial position are as follow:</b>		
Fair value of plan assets	-	-
Unrecognised actuarial gains / (losses)	-	-
Present value of unfunded obligations	1,123,000	1,141,000
<b>Total benefit liability</b>	<b>1,123,000</b>	<b>1,141,000</b>
<b>The amounts recognised in the statement of financial performance are as follow:</b>		
Service cost	-	-
Interest cost	77,000	133,000
Actuarial (Gains) / Losses recognised	(8,550)	(679,068)
<b>Total post-retirement benefit included in employee related costs</b>	<b>68,450</b>	<b>(546,068)</b>
<b>Movements in the present value of the defined benefit obligation were as follow:</b>		
Balance at the beginning of the year	1,141,000	1,771,000
Service cost	-	-
Interest cost	77,000	133,000
Benefits paid	(86,450)	(83,932)
Actuarial (Gains) / Losses recognised	(8,550)	(679,068)
<b>Present value of the fund obligation at the end of the year</b>	<b>1,123,000</b>	<b>1,141,000</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Employee benefits (continued)</b>		
<b>Movements in the present value of the defined benefit assets were as follow:</b>		
Balance at the beginning of the year	-	-
Contributions from employer	(86,450)	(83,932)
Benefits paid	86,450	83,932
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

The history of experienced adjustments are as follow:

	2017	2018	2019	2020	2021
Present value of defined benefit obligation	2,591,000	2,515,000	1,771,000	1,141,000	1,123,000
Fair value of plan assets	-	-	-	-	-
<b>Deficit</b>	<b>2,591,000</b>	<b>2,515,000</b>	<b>1,771,000</b>	<b>1,141,000</b>	<b>1,123,000</b>
Experienced adjustments on defined benefit obligation	-	-	-	-	-

The effect of a 1% movement in the assumed rate of pension increase inflation is as follow:

	1% Decrease	1% Increase
Effect on the interest cost	78,000	86,000
Effect on the defined benefit obligation	1,072,000	1,178,000

The municipality expects to make a contribution of R 115,000 to the Defined Benefit Plan during the next financial year.

Refer to note 59 Retirement Benefit Information to the audited annual financial statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

### 16.3 Provision for long-service awards

Provision for long-service awards	43,253,000	39,894,000
Less: Transfer to current provisions	(4,403,000)	(4,507,000)
<b>Total non-current provisions</b>	<b>38,850,000</b>	<b>35,387,000</b>
Non-current	38,850,000	35,387,000
Current	4,403,000	4,507,000
<b>Total provisions at the end of the year</b>	<b>43,253,000</b>	<b>39,894,000</b>

### Long-service awards

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by Mr Julian van der Spuy and Mr Boyd Oosthuizen of ZAQEN Actuaries (Pty) Ltd. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 1772 (2020: 1833) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>16. Employee benefits (continued)</b>		
Discount rate	Yield curve	Yield curve
Consumer Price Inflation (CPI)	Difference between nominal and yield curve	Difference between nominal and yield curve
Normal salary increase rate CPI+1	CPI+1%	CPI+1%
Net effective discount rate	Yield curve base	Yield curve base
GRAP 25 defines the determination of the Discount Rate Assumption to be used as follow:		
The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.		
The Actuaries used the nominal and real zero curves as at 30 June 2021 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.		
<b>The amounts recognised in the statement of financial position are as follow:</b>		
Fair value of plan assets	-	-
Present value of unfunded obligations	43,253,000	39,894,000
<b>Total benefit liability</b>	<b>43,253,000</b>	<b>39,894,000</b>
<b>The amounts recognised in the statement of financial performance are as follow:</b>		
Current service cost	2,688,000	3,044,000
Interest cost	4,433,000	4,086,000
Actuarial losses / (gains) recognised	876,567	(3,323,173)
<b>Total expense included in employee related costs</b>	<b>7,997,567</b>	<b>3,806,827</b>
<b>Movements in the present value of the defined benefit obligation were as follow:</b>		
Balance at the beginning of the year	39,894,000	41,322,001
Service cost	2,688,000	3,044,000
Interest cost	4,433,000	4,085,999
Benefits paid	(4,638,567)	(5,234,827)
Actuarial losses / (gains) recognised	876,567	(3,323,173)
<b>Balance at the end of the year</b>	<b>43,253,000</b>	<b>39,894,000</b>
<b>Movements in the present value of the defined benefit assets were as follow:</b>		
Balance at the beginning of the year	-	-
Contributions from the employer	(4,638,567)	5,234,827
Benefits paid	4,638,567	(5,234,827)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 16. Employee benefits (continued)

The effect of a 1% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	1% Decrease	1% Increase
Effect on the defined benefit obligation	40,496,000	46,292,000
Effect on the aggregate of the current service cost	2,807,000	3,296,000
Effect on the aggregate of the interest cost	4,253,000	4,899,000

0The effect of a 20% movement in the withdrawal rates are as follow on the ensuing years assumptions:

	-20% Withdrawal rate	-20% Withdrawal rate
Effect on the defined benefit obligation	45,178,000	41,512,000
Effect on the aggregate of the current service cost	3,257,000	2,846,000
Effect on the aggregate of the interest cost	4,778,000	4,364,000

The municipality expects to make a contribution of R 4,403,000 to the Defined Benefit Plan during the next financial year.

The Future-service Cost for the ensuing year is estimated to be R 3,037,000 whereas the Interest Cost is estimated to be R 4,560,000.

#### 16.4 Provision for bonuses

The movement in provisions for bonuses are reconciled as follow:

Balance at the beginning of the year	19,229,140	17,604,049
Net movement	47,482	1,625,091
<b>Balance at the end of the year</b>	<b>19,276,622</b>	<b>19,229,140</b>
Non-current	-	-
Current	19,276,622	19,229,140
<b>Total provision at the end of the year</b>	<b>19,276,622</b>	<b>19,229,140</b>

Services bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees up to June from their bonus payment.

#### 16.5 Provision for performance bonuses

Provision has been made for performance bonuses in accordance with the performance agreements with each Executive Manager and the Municipal Manager using the best estimate of the potential performance bonus payable. The actual bonuses will only be paid once the evaluation committee appointed in terms of the Performance Management regulations has reviewed the performance agreements of the Executive Management team and made a recommendation to the Council for final approval. The performance bonuses have been provided as follow:

##### Strategic management team

Leibbrandt, JH (City Manager)	278,236	278,236
Brown, B (Chief Financial Officer)	223,545	18,629
Johaar, S (Executive Director: Corporate Services)	223,545	223,545
Wüst, M (Executive Director: Engineering Services)	223,545	186,288
Esau, G (Executive Director: Community Services)	223,545	223,545
Waring, L (Executive Director: Planning and Development)	186,287	223,544
Carstens, J (Chief Financial Officer)(Until 31 March 2020)	-	167,658
	<b>1,358,703</b>	<b>1,321,445</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020	
<b>16. Employee benefits (continued)</b>			
The movement in provisions are reconciled as follow:			
<b>Provision for performance bonuses</b>			
Balance at the beginning of the year	2,254,518	1,509,190	
Bonuses paid	(929,081)	(215,839)	
Reversals of prior year provision	(372,404)	(360,278)	
Increase in provision	1,358,703	1,321,444	
<b>Balance at the end of the year</b>	<b>2,311,736</b>	<b>2,254,517</b>	
Non-current	-	-	
Current	2,311,736	2,254,517	
<b>Total provisions at the end of the year</b>	<b>2,311,736</b>	<b>2,254,517</b>	
<b>16.6 Provision for staff leave</b>			
Staff leave provision	47,007,578	48,487,309	
Non-current	-	-	
Current	47,007,578	48,487,309	
<b>Total provisions at the end of the year</b>	<b>47,007,578</b>	<b>48,487,309</b>	
<b>16.7 Provision for TASK backpay</b>			
Provision for TASK backpay	6,627,428	19,740,778	
Non-current	-	-	
Current	6,627,428	19,740,778	
<b>Total provisions at the end of the year</b>	<b>6,627,428</b>	<b>19,740,778</b>	
Included in Employee cost is a provision for TASK backpay, due to the revaluation of post on TASK and the movement from the "Van Der Merwe" Salary scales to the TASK salary scales.			
The prior year comparatives have been restated, please refer to note 49 for more detail information.			
<b>17. Provisions</b>			
Provision for rehabilitation of landfill sites	17.1	195,378,926	168,950,709
Balance of non-current provisions for rehabilitation at end of year		195,378,926	168,950,709
Balance of current provisions for rehabilitation at end of year		-	-
<b>Balance of provisions for rehabilitation at end of year</b>		<b>195,378,926</b>	<b>168,950,709</b>
<b>17.1 Provision for rehabilitation of landfill sites</b>			
Balance at the beginning of the year		168,950,709	191,848,888
Changes in estimates: asset increase ito iGRAP2		18,493,398	918,613
Changes in estimates: asset decrease ito iGRAP2		(2,596,123)	(23,176,946)
Unwinding of discount & other changes		10,530,942	(639,846)
<b>Balance at the end of the year</b>		<b>195,378,926</b>	<b>168,950,709</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand			2021	2020
<b>17. Provisions (continued)</b>				
The council will incur further rehabilitation cost on its unrehabilitated dumping/landfill sites over the period 2024/25 up to 2031/32 and post monitoring costs thereafter. Provision has been made for the net present value of this cost based on the status quo as at 30 June 2021.				
Location	Proposed rehabilitation date	Post closure monitoring date		
Wellington existing	2031/2032	2061/2062	54,711,497	53,527,057
Wellington old	2031/2032	2059/2060	31,095,441	30,577,895
Gouda	Rehabilitation complete	2050/2051	742,878	587,054
Saron	Rehabilitation complete	2048/2049	557,471	419,981
Hermon	Rehabilitation complete	2050/2051	652,761	523,764
Dal Josafat	2024/2025	2054/2055	16,661,880	12,865,392
Orleans	2024/2025	2054/2055	30,981,632	24,035,497
Boy Louw	2024/2025	2054/2055	56,636,204	44,069,347
Klapmuts landfill	Rehabilitation complete	2029/2030	1,785,591	928,737
Wateruintjiesvlei landfill	Rehabilitation complete	2029/2030	1,553,571	1,415,985
			<b>195,378,926</b>	<b>168,950,709</b>

JPCE is a consulting engineering and environmental consulting firm appointed to determine a high-level concept-design stage costing-value (amount) to cap and rehabilitate the landfill sites at the end of the current Financial Year. Their independence from management is monitored. The firm is a member and fully subscribes to the Constitution and Code of Conduct of the Council of Engineers of South Africa.

Based on the work provided by JPCE, an applicable inflation rate of 4.3%-4.60% has been determined and a discounted rate of 6.7%-10.485% has been utilised.

The funding required by the municipality to fund the rehabilitation has been assessed and based on the government bond rates with similar maturity periods. The municipality assessed the effect of discounting coupled with the future inflation rate to approximate the current cost of the expected rehabilitation cost as disclosed above.

## 18. VAT control receivable / (payable)

Accrual VAT transactions	24,105,815	8,758,002
VAT payable (control)	(4,649,860)	(8,002,555)
<b>Total</b>	<b>19,455,955</b>	<b>755,447</b>

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the VAT Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

## 19. Consumer deposits

Deposits	59,109,630	52,606,653
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Guarantees held in lieu of deposits were R 20,886,922 (2020: R 21,161,656).

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

The management of the municipality is of the opinion that the carrying value of consumer deposits approximate their fair values.

The fair value of consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>20. Payables from exchange transactions</b>			
Trade Creditors	20.1	230,932,784	248,936,928
Payments received in advance	20.2	46,832,182	37,956,815
Retention	20.3	24,584,197	34,747,657
Other payables	20.4	19,363,728	21,813,704
Net VAT accrual on outstanding receivables	20.5	36,961,770	42,348,910
<b>Total</b>		<b>358,674,661</b>	<b>385,804,014</b>
<b>20.1 Trade Creditors</b>			
Eskom Limited (Electricity bulk purchase)		174,340,692	157,303,329
Other trade creditors		56,592,092	91,633,599
<b>Total</b>		<b>230,932,784</b>	<b>248,936,928</b>
<b>20.2 Payments received in advance</b>			
Payments received in advance		46,832,182	37,956,815
<b>20.3 Retention</b>			
Retentions		24,584,197	34,747,657
<b>20.4 Other payables</b>			
Other payables and accruals		19,363,728	21,515,383
Rental leases: Straight lining		-	298,321
<b>Total</b>		<b>19,363,728</b>	<b>21,813,704</b>
<b>20.5 Net VAT accrual on outstanding receivables</b>			
VAT accrual on receivables		49,985,240	53,721,275
VAT on provision for doubtful debt		(13,023,470)	(11,372,365)
<b>Total</b>		<b>36,961,770</b>	<b>42,348,910</b>

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The amount payable to ESKOM included in trade and other payables are for the May and June accounts. The Municipality did not owe ESKOM any debt older than 30 days during 2020/21.

The VAT accrual on outstanding receivables, refers to the VAT portion of outstanding receivables, which is not yet payable to SARS, as the Municipality is registered on the payments basis for VAT with SARS, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>21. Unspent conditional grants and receipts</b>		
<b>Conditional grants from other spheres of government</b>		
National Government (Unconditional Grants)	-	-
National Government (Conditional Grants)	7	179,311
Provincial Government (Conditional Grants)	15,556,620	16,650,663
Other Grants (Unconditional)	1,362,556	5,019,406
Other Grants (Conditional)	1,245,158	1,473,171
Guarantees and Donations (Unconditional)	363,573	363,573
<b>Total conditional grants and receipts</b>	<b>18,527,914</b>	<b>23,686,124</b>

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 37 for more detail of grants from National and Provincial Government.

Refer to Appendix "C" for more detail on Conditional Grants.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

## 22. Housing Development Fund

<b>Realising housing proceeds</b>		
Balance at beginning of the year	21,201,519	15,607,722
Plus: Interest and redemption, and other on housing schemes	93,394	134,790
Plus: (Net loss) / surplus on letting schemes	4,057,213	5,842,380
Less: Housing subsidies expenditure	(132,812)	(383,373)
<b>Balance at the end of the year</b>	<b>25,219,314</b>	<b>21,201,519</b>
<b>Unrealised housing proceeds</b>		
Balance at the beginning of the year	799,235	1,180,473
Long term housing loans	(166,811)	(381,238)
<b>Balance at the end of the year</b>	<b>632,424</b>	<b>799,235</b>
<b>Total</b>	<b>25,851,738</b>	<b>22,000,754</b>

The housing development fund is not cash backed, as the value of outstanding housing receivables exceeds the value of the fund.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 23. Reserves and Funds

Re-valuation reserve	1,421,127,598	1,452,457,291
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The Re-valuation reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Re-valuation reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Re-valuation reserve can be made when it is in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's. These restrictions do not apply to any amounts transferred to the Accumulated Surplus. Council do not currently intend to make any distribution from the Re-valuation reserve.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

Refer to Statement of changes in net assets for more detail and the movement on Reserves.

### 24. Accumulated surplus/ (deficit)

Accumulated Surplus/(Deficit)	2,813,310,691	2,684,543,970
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The Capitalisation reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation reserve ensures consumer equity and is not backed by cash.

Refer to Statement of changes in net assets for more detail and the movement on Accumulated surplus.

Accumulated surplus has been restated according to GRAP 3. Refer to Note 50 on Prior period errors for details of the restatement.

### 25. Service charges

#### Electricity

Consumption - Electricity	1,268,816,861	1,217,572,912
Less: Income forgone	(47,704,175)	(46,983,740)

<b>Total</b>	<b>1,221,112,686</b>	<b>1,170,589,172</b>
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#### Water

Consumption - Water	167,347,685	173,984,021
Less: Income forgone	(16,880,819)	(11,731,103)

<b>Total</b>	<b>150,466,866</b>	<b>162,252,918</b>
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#### Waste management

Consumption - Waste management	170,335,178	153,405,750
Less: Income forgone	(44,707,711)	(31,517,772)

<b>Total</b>	<b>125,627,467</b>	<b>121,887,978</b>
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#### Waste water management

Consumption - Waste water management	145,160,919	131,233,412
Less: Income forgone	(23,712,074)	(17,380,367)

<b>Total</b>	<b>121,448,845</b>	<b>113,853,045</b>
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<b>Total service charges</b>	<b>1,618,655,864</b>	<b>1,568,583,113</b>
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The comparative figures have been restated, refer to note 50 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>26. Availability charges</b>		
<b>Electricity</b>		
Availability Charges	1,639,713	1,789,157
<b>Water</b>		
Availability Charges	1,601,232	1,696,359
<b>Waste management</b>		
Availability Charges	2,779,837	2,884,527
<b>Waste water management</b>		
Availability Charges	2,500,447	2,530,913
<b>Total availability charges</b>	<b>8,521,229</b>	<b>8,900,956</b>
<b>27. Sales of goods and rendering of services</b>		
Advertisements	3,835	-
Building Plan Approval	4,122,034	5,437,127
Camping Fees	861,162	1,750,219
Cemetery and Burial	3,828,298	3,471,888
Cleaning and Removal	236,303	348,084
Demolition Application Fees	8,450	-
Entrance Fees	277,012	615,510
Laboratory Services	-	107
Legal Fees	1,145,301	962,910
Library Fees	23,767	13,322
Occupation Certificates	417,204	-
Photocopies and Faxes	134,702	143,265
Sale of Goods	4,805	11,952
<b>Total</b>	<b>11,062,873</b>	<b>12,754,384</b>
<b>28. Rental from fixed assets</b>		
Land and buildings	2,002,326	1,983,094
Housing rentals	13,867,932	33,672,974
Other rental revenue	729,769	1,850,785
Less: Income forgone	(11,409,897)	(21,515,817)
<b>Total</b>	<b>5,190,130</b>	<b>15,991,036</b>

Council approved a fixed/flat rate rental installment during the month of October 2020.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>28. Rental from fixed assets (continued)</b>		
<b>Operating leases (municipality as lessor)</b>		
<b>At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.</b>		
Within one year	1,210,753	240,863
In second to fifth year inclusive	1,079,140	666,046
After five years	172,788	182,812
<b>Total</b>	<b>2,462,681</b>	<b>1,089,721</b>

The Municipality has significant current lease arrangements for land and buildings over a period varying from 2 up to 32 years (2020: 2 up to 32 years) being subject to increased lease payments.

All contingent lease payments are based on the actual contract value of the property leased and the escalations vary from 7.5% up to 12.32%.

No other restrictions were imposed.

### 29. Interests on investments

Short-term investments and call accounts	5,215,173	6,140,446
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### 30. Dividends

External investment	7,560	12,600
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### 31. Interest on receivables

Exchange receivables	7,084,609	6,421,577
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### 32. Operational revenue

#### Revenue from exchange transactions

Operation revenue from exchange transactions	12,011,611	4,266,744
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#### Revenue from non-exchange transactions

Goods and services received in kind	8,798,882	2,368,493
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Exchange Revenue	12,011,611	4,266,744
Non-exchange revenue	8,798,882	2,368,493
<b>Total operational revenue</b>	<b>20,810,493</b>	<b>6,635,237</b>

#### Services received in kind

During the financial year, the municipality received the following services in kind, that was recognised in terms of GRAP 23. These include cleansing and fogging services for implementing COVID-19 protocol. This was done voluntarily by non-profit organisation.

### 33. Licences or permits

Exchange revenue	20,628,986	20,240,886
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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>33. Licences or permits (continued)</b>			
Included in licenses and permits is an amount of R17,488,433 (2020: R14,067,528) received from the Department of Transport and Public Works as agency fees for motor vehicle license services, which the Municipality performs on behalf of the Department of Transport and Public Works.			
<b>34. Fair value and loss on disposal adjustment of assets</b>			
Gains/(losses) on disposals	34.1	(5,740,743)	(2,322,679)
Fair value adjustment	34.2	3,421,542	1,812,863
<b>Total</b>		<b>(2,319,201)</b>	<b>(509,816)</b>
<b>34.1 Gains/(losses) on disposals</b>			
Gains / (losses) on disposal on PPE, IA, IP & HA		(5,693,646)	(2,243,087)
Gains / (losses) on inventory		(47,097)	(79,592)
<b>Total</b>		<b>(5,740,743)</b>	<b>(2,322,679)</b>
<b>34.2 Fair value adjustment</b>			
Investment property		3,426,800	1,818,200
Financial assets		(5,258)	(5,337)
<b>Total</b>		<b>3,421,542</b>	<b>1,812,863</b>
The prior year comparatives have been restated, please refer to note 49 for more detail information.			
<b>35. Property rates</b>			
Residential properties		298,733,608	267,055,508
Agricultural property		62,556,801	57,359,173
Business and commercial properties		89,311,724	87,178,470
State-owned properties		30,393,747	28,346,623
Less: Income forgone		(137,284,525)	(128,048,211)
<b>Total</b>		<b>343,711,355</b>	<b>311,891,563</b>
<b>Valuation as at 30 June 2021</b>			
Residential		41,351,504,542	39,781,258,837
Agricultural		8,518,218,800	8,496,836,800
Commercial		7,556,665,700	7,466,017,700
State-owned properties		2,459,914,550	3,604,996,855
<b>Total property valuations</b>		<b>59,886,303,592</b>	<b>59,349,110,192</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01-Jul-2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates. A discount of 20% was granted to the state institutions.

Rates are levied for property owners on a monthly basis for monthly rate payers and are payable on the 15th of each month and for annual rate payers on 15th October. Interest is levied at the prime rate on outstanding rates amounts.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>36. Fines, penalties and forfeits</b>			
Fines, penalties and forfeits	36.1	128,602,942	82,126,344
<b>36.1 Fines, penalties and forfeits</b>			
<b>Traffic fines</b>			
Service provider fines		126,613,594	80,838,912
<b>Other fines</b>			
Building fines		172,233	46,348
Illegal connections - Electricity		346,763	132,638
Overdue books		22,283	64,052
Pound fees		1,448,069	1,044,394
		<b>1,989,348</b>	<b>1,287,432</b>
<b>Total</b>		<b>128,602,942</b>	<b>82,126,344</b>
<b>37. Transfers and subsidies - Revenue</b>			
<b>Operational</b>			
Allocations		220,606,266	188,658,255
<b>Capital</b>			
Allocations		175,958,381	180,713,796
<b>Total</b>		<b>396,564,647</b>	<b>369,372,051</b>
<b>Unconditional grants</b>			
Equitable share		187,332,000	150,601,000
Other		35,894,299	29,476,816
<b>Operational grants</b>		<b>223,226,299</b>	<b>180,077,816</b>
<b>Conditional grants</b>			
National Government		87,687,067	101,071,554
Provincial Government		90,266,515	89,455,664
Provincial Government		2,853,688	1,534,527
<b>Total conditional grants</b>		<b>180,807,270</b>	<b>192,061,745</b>
<b>Subtotal</b>		<b>404,033,569</b>	<b>372,139,561</b>
Offsetting of housing expenditure where municipality is seen as an agent		(118,192)	(429,953)
Recognition of revenue in terms of GRAP 11		(3,830,730)	(2,339,190)
<b>Total Government Grant and Subsidies</b>		<b>400,084,647</b>	<b>369,370,418</b>
<b>National Government (Unconditional Grants)</b>			



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>37. Transfers and subsidies - Revenue (continued)</b>		
Balance unspent at beginning of year	-	-
Current year	187,332,000	150,601,000
Conditions met - transferred to revenue	(187,332,000)	(150,601,000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>21</b>	<b>-</b>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy for the basic charges of Electricity, Refuse Removal, Sewerage and Water Services, the subsidy is adjusted as tariffs increase. All qualifying registered indigent households receive 6 kl water and 50 kWh electricity free every month.

### National Government (Conditional Grants)

Balance unspent at beginning of year	(179,322)	(179,319)
Current year receipts	(87,507,758)	(101,071,557)
Conditions met - transferred to revenue	87,687,067	101,071,554
<b>Conditions still to be met - transferred to liabilities</b>	<b>21</b>	<b>(13)</b>

These grants were used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met.

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA. Other than the unspent amount, the conditions of the grant have been met.

### Provincial Government (Conditional Grants)

Balance unspent at beginning of year	(16,650,663)	(21,356,608)
Current year receipts	(89,172,476)	(84,749,719)
Conditions met - transferred to revenue	90,266,515	89,455,664
<b>Conditions still to be met - transferred to liabilities</b>	<b>21</b>	<b>(15,556,624)</b>

These grants received from Provincial Government are for operational and capital expenditure such as Revenue from Housing Grants and the related housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounted to R 118,192 (2020: R 429,953). In terms of a GRAP interpretation, where a municipality is regarded as an agent, the revenue should be set off against the operating expenditure.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>37. Transfers and subsidies - Revenue (continued)</b>			
<b>Other Grants (Unconditional)</b>			
Balance unspent at beginning of year		(5,019,406)	(1,872,397)
Current year receipts		(32,237,449)	(24,994,264)
Conditions met - transferred to revenue		35,894,299	21,847,255
<b>Conditions still to be met - transferred to liabilities</b>	21	<b>(1,362,556)</b>	<b>(5,019,406)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld. These include monetary capital in-kind.

### Other Grants (Conditional)

Balance unspent at beginning of year		(1,473,171)	(558,344)
Current year receipts		(2,625,675)	(2,449,354)
Conditions met - transferred to revenue		2,853,688	1,534,527
<b>Conditions still to be met - transferred to liabilities</b>	21	<b>(1,245,158)</b>	<b>(1,473,171)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

### Guarantees , donations and other contributions (Unconditional)

Balance unspent at beginning of year		(363,572)	(363,572)
Current year receipts		(8,246,659)	(7,629,561)
Conditions met - transferred to revenue		8,246,659	7,629,561
<b>Conditions still to be met - transferred to liabilities</b>	21	<b>(363,572)</b>	<b>(363,572)</b>

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

### 38. Construction contract revenue

#### Housing projects

Kingston / Lantana (Construction)	2,645,398	1,151,849
Paarl East Housing (Planning)	1,185,332	-
Simondium (Planning)	-	1,187,341
<b>Total</b>	<b>3,830,730</b>	<b>2,339,190</b>

Revenue and expenses on housing contracts are recognized by reference to the stage of completion of the specific contract.

### 39. Employee related cost

Total employee related cost	714,717,910	626,602,692
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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 39. Employee related cost (continued)

#### 39.1 Senior management costs

2021

	JH Leibbrandt City manager	B Brown Chief Financial Officer	S Johaar Executive Director: Corporate Services	G Esau Executive Director: Community Services	LA Waring Executive Director: Planning and Development	M Wüst Executive Director: Engineering Services	J Carstens Chief Financial Officer	D Delaney Acting Executive Director: Planning and Development	E Saayman Acting Executive Director: Community Services	D Hattingh Executive Director: Engineering Services	Total
Cost to company package	1,987,402	1,596,747	1,596,747	1,596,747	1,330,623	1,596,747	-	-	-	-	9,705,013
Other allowances & reimbursement	32,384	25,244	25,244	25,244	21,162	44,671	149	4,288	11,238	149	189,773
Leave and other lumpsum payments	-	-	-	-	58,579	-	-	-	-	-	58,579
Performance bonuses	238,488	-	175,642	87,821	159,675	-	159,675	-	-	107,780	929,081
	<b>2,258,274</b>	<b>1,621,991</b>	<b>1,797,633</b>	<b>1,709,812</b>	<b>1,570,039</b>	<b>1,641,418</b>	<b>159,824</b>	<b>4,288</b>	<b>11,238</b>	<b>107,929</b>	<b>10,882,446</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 39. Employee related cost (continued)

2020

	JH Leibbrandt City manager	J Carstens Chief financial officer	B Brown Chief Financial Officer	S Johaar Executive Director: Corporate Services	D Hattingh Executive Director: Engineering Services	M Wüst Executive Director: Engineering Services	LA Waring Executive Director: Planning and Development	G Esau Executive Director: Community Services	E Saayman Acting Executive Director: Community Services	C Lotz Acting Executive Director: Engineering Services	AMC De Beer Executive Director: Corporate Services	C Geldenhuys Acting Executive Director: Engineering Services	Total
Cost to company package	1,987,402	1,197,560	133,062	1,596,747	-	1,330,623	1,596,747	1,596,747	-	-	-	-	9,438,888
Other allowances & reimbursement	36,924	14,610	2,091	25,097	149	1,487	43,004	25,097	18,375	8,099	149	6,524	181,606
Leave and other lumpsum payments	-	135,319	-	-	17,687	-	-	-	-	-	-	-	153,006
Performance bonus	-	-	-	-	-	-	-	-	-	-	215,839	-	215,839
	<b>2,024,326</b>	<b>1,347,489</b>	<b>135,153</b>	<b>1,621,844</b>	<b>17,836</b>	<b>1,332,110</b>	<b>1,639,751</b>	<b>1,621,844</b>	<b>18,375</b>	<b>8,099</b>	<b>215,988</b>	<b>6,524</b>	<b>9,989,339</b>

The City Manager and Executive Directors are remunerated in terms of the Upper Limits of Total Remuneration Packages Payable to Municipal Managers and Managers Directly Accountable to Municipal Managers, issued in terms of the Local Government: Municipal Systems Act 32 of 2000.

Where other officials acted in the Executive Director positions and was remunerated accordingly, only the additional remuneration for acting in that position is disclosed.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>39. Employee related cost (continued)</b>		
<b>39.2 Municipal staff costs</b>		
Basic salary	474,441,242	444,503,575
Social Contributions	108,654,250	99,472,690
Travel or Motor Vehicle	29,048,647	27,092,375
Housing Benefits	4,194,525	4,318,705
Overtime payments	26,599,972	26,292,036
Acting and Post Related Allowances	1,872,146	1,231,265
Shift Additional Remuneration	2,291,930	2,362,260
Standby Allowance	9,232,642	9,061,813
Night Shift	3,040,267	3,181,854
Workman Compensation	3,444,765	2,420,354
Cellular and Telephone	4,087,152	3,880,950
Contribution to leave reserve	1,819,097	13,556,420
Provision for performance bonuses	986,298	961,166
Provision for TASK backpay	6,627,428	7,654,861
<b>Defined Benefit Plan Expenses: Post Employment Health Care</b>		
Current Service Cost	5,380,000	6,468,000
Actuarial (Gains) / Losses	3,462,532	(49,808,390)
Interest Cost	21,469,000	20,692,000
<b>Defined Benefit Plan Expenses: Ex Gratia Pension Benefits</b>		
Current Service Cost	-	-
Actuarial (Gains) / Losses	(8,550)	(679,069)
Interest Cost	77,000	133,000
<b>Defined Benefit Plan Expenses: Long Services</b>		
Current Service Cost	2,688,000	3,044,000
Actuarial (Gains) / Losses	876,567	(3,323,173)
Interest Cost	4,433,000	4,086,000
<b>Total</b>	<b>714,717,910</b>	<b>626,602,692</b>

The prior year comparatives have been restated, please refer to note 49 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>40. Remuneration of councillors</b>		
Executive mayor (Poole, CJ)	1,046,997	1,046,997
Deputy executive mayor (Combrink, GC)	837,597	837,597
Speaker (Stowman, AC)	837,597	837,597
Chief Whip (Koegelenberg, RA)	785,247	785,247
<b>Mayoral Committee Members</b>		
Mayoral Committee Member Of Rural Development (MA Andreas)	785,247	785,247
Mayoral Committee Member Of Social Services (E Gouws)	785,247	785,247
Mayoral Committee Member Of Human Settlements And Property Development (L Cyster)	785,247	785,247
Mayoral Committee Member Of Environment And Open Spaces (C Kearns)	785,247	785,247
Mayoral Committee Member Of Corporate Services (LP Mokoena)	785,247	785,247
Mayoral Committee Member Of Public Safety (R Smuts)	785,247	785,247
Mayoral Committee Member Of Communication And Intergovernmental Relations (RH Van Nieuwenhuizen)	785,247	785,247
Mayoral Committee Member Of Engineering Services (JF Le Roux)	785,247	785,247
Mayoral Committee Member Of Planning & Economic Development And Tourism (J Miller)	785,247	785,247
Mayoral Committee Member Of Recreation, Arts And Culture (LT Van Niekerk)	785,247	785,247
All other councillors	16,871,395	16,826,307
Cellphone & data allowances	2,869,843	2,834,200
Reimbursive travel allowances	-	6,584
<b>Total</b>	<b>31,101,146</b>	<b>31,026,999</b>

### In kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Councillors receive a total cost to company package as determined by the Notice for 'Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils', issued in terms of Remuneration of Public Office Bearers Act, 1998, and may structure it as it wishes, furthermore they receive a maximum of R 44,200 (2020: R 44,200) per year, as a cellphone and data allowance in accordance with the notice. Other councillors receive an average of R 331,335 (2020: R 331,335) per year, except the chairperson of MPAC, who receives an average of R 423,214 (2020: R 423,214) per year.

Furthermore councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the notice. This insurance cover, should cover the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

**Amount outstanding  
for more than 90  
days**

**List the name of the councillor which at any time during the relevant financial year was in arrears for more than 90 days**

### SEPTEMBER 2020

GEORGE N/NN

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# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>41. Depreciation and amortisation</b>			
<b>Amortisation</b>			
Intangible assets	5.1	917,542	1,406,299
<b>Depreciation</b>			
Property, plant and equipment	3	226,564,199	217,255,691
<b>Total</b>		<b>227,481,741</b>	<b>218,661,990</b>

The prior year comparatives have been restated, please refer to note 49 for more detail information.

### 42. Impairment losses on financial assets

#### Contribution (to)/from provision for impairment to surplus and deficit:

Consumer receivables and availability charges receivables	10	63,969,463	83,162,545
Statutory receivables: Property Rates	11	3,382,241	3,959,701
Statutory receivables: Traffic fines		108,297,890	66,195,634
Long term receivables		(162,315)	170,149
<b>Total</b>		<b>175,487,279</b>	<b>153,488,029</b>

Drakenstein Municipality uses the allowance account (provision for impairment) against which actual debts written off are recorded. During the year, the following debt was written off against the allowance account.

#### Bad debts written-off

Consumer receivables and availability charges receivables	(56,473,674)	(39,772,133)
Statutory receivables: Property Rates	(1,406,629)	(1,257,506)
Statutory receivables: Traffic Fines	(53,131,179)	(70,137,705)
<b>Total</b>	<b>(111,011,482)</b>	<b>(111,167,344)</b>

### 43. Impairment losses on PPE, IA and HA

#### Impairment losses on fixed assets recognised

Property, plant and equipment	(246,328)	293,482
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### 44. Interest, dividends and rent on land

Interest	44.1	179,830,803	178,731,085
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#### 44.1 Interest cost

Financial liabilities			
• Long-term liabilities - interest paid		179,597,568	121,132,523
• Long-term liabilities - interest capitalised due to restructuring		-	56,907,180
• Finance leases		233,235	434,841
		<b>179,830,803</b>	<b>178,474,544</b>
Overdue accounts		-	256,541
<b>Total</b>		<b>179,830,803</b>	<b>178,731,085</b>

Included in interest paid is interest amounting to R 0 (2020: R 56,903,698) that was capitalised during 2019/2020 year, when a number of long-term loans of the municipality was restructured.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>45. Bulk purchases</b>		
Electricity: Eskom	812,914,980	768,631,262
Electricity: Independent power producers	1,249,161	975,313
Water	14,161,986	9,820,466
<b>Total</b>	<b>828,326,127</b>	<b>779,427,041</b>
<b>45.1 Electricity losses</b>		
<b>Reconciliation of kWh losses</b>		
kWh units purchased	710,002,179	713,972,614
kWh units sold	(656,553,200)	(693,022,704)
<b>kWh loss (Technical and Non-technical)</b>	<b>53,448,979</b>	<b>20,949,910</b>
Average value of losses (cost)	61,290,294	22,582,363
<b>Percentage loss:</b>		
Technical losses	7.53 %	2.93 %
Norm of losses	10.00 %	10.00 %
<b>Reasons for the losses</b>		
Losses occurred because of the following reasons:		
• Technical losses		
• Unmetered services		
• Theft		
<b>45.2 Water losses</b>		
System input volume (Kilolitres)	13,425,170	12,051,013
Billed metered consumption (Kilolitres)	(11,363,179)	(9,983,321)
<b>Total kilolitres loss (Technical and Non-technical)</b>	<b>2,061,991</b>	<b>2,067,692</b>
<b>Comprising of:</b>		
Technical losses	1,913,887	2,038,876
Non-technical losses	148,104	28,816
<b>Total</b>	<b>2,061,991</b>	<b>2,067,692</b>
<b>Percentage loss: *</b>		
Technical losses	14.29 %	16.92 %
Non-technical losses	1.11 %	0.24 %
<b>Total</b>	<b>15.40 %</b>	<b>17.16 %</b>
Norm of losses:	15.00 %	15.00 %



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>45. Bulk purchases (continued)</b>			
<b>Reasons for the losses</b>			
Losses occurred because of the following reasons:			
<ul style="list-style-type: none"> <li>Burst pipes.</li> <li>Use of unmetered fire water connections at flat buildings and factories.</li> <li>Open spaces and sports fields that are still unmetered.</li> <li>Undetected leaks underground.</li> <li>Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality.</li> </ul>			
* The water losses per the audited annual financial statements take into account water that was metered but not billed. Whereas the Annual performance report shows an actual technical water loss of 13.78% (2020: 16.92%, as unbilled metered water is not taken into account.			
The prior year comparatives have been reclassified, please refer to note 49 for more detail information.			
<b>46. Contracted services</b>			
Consultants and professional services	46.1	19,619,171	25,630,544
Contractors	46.2	114,281,817	107,288,127
Outsourced services	46.3	13,787,686	13,101,695
<b>Total</b>		<b>147,688,674</b>	<b>146,020,366</b>
<b>46.1 Consultants and professional services</b>			
Business advisory services		9,556,569	19,456,119
Legal advice and litigation		5,665,361	4,450,466
Other consultants and professional services		4,397,241	1,723,959
<b>Total consultants and professional services</b>		<b>19,619,171</b>	<b>25,630,544</b>
<b>46.2 Contractors</b>			
<b>General services</b>			
Housing project expenditure		3,970,285	2,488,215
Catering services		29,594	390,942
Management of informal settlements		2,119,685	1,704,015
Other contractor services		12,066,187	5,261,838
Safeguard and security		34,413,327	37,553,076
<b>Total general services</b>		<b>52,599,078</b>	<b>47,398,086</b>
<b>Maintenance services</b>			
Maintenance of buildings and facilities		11,528,388	5,746,857
Maintenance of equipment		27,804,694	27,381,563
Maintenance of unspecified assets		22,349,657	26,761,621
<b>Total maintenance service</b>		<b>61,682,739</b>	<b>59,890,041</b>
<b>Total contractor</b>		<b>114,281,817</b>	<b>107,288,127</b>
<b>46.3 Outsourced services</b>			
<b>General services</b>			
Traffic Fines Management		4,562,168	2,467,625
Waste management		5,635,642	7,607,833
Other outsourced services		3,589,876	3,026,237
<b>Total outsourced services</b>		<b>13,787,686</b>	<b>13,101,695</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>46. Contracted services (continued)</b>		
The prior year comparatives have been restated, please refer to note 49 for more detail information.		
<b>47. Operational cost</b>		
Advertising, Publicity and Marketing	2,410,088	2,777,864
Bank Charges, Facility and Card Fees	6,418,440	4,740,868
Commission	10,319,833	8,033,812
Communication	4,325,519	6,106,989
Contribution to provision for rehab and landfill site	10,530,942	(639,846)
External Audit Fees	6,444,898	7,013,381
External Computer Service	12,391,317	7,803,726
Insurance Underwriting	10,120,264	7,060,379
Licences	2,119,207	2,291,253
Other operational cost	2,268,171	4,591,820
Printing, Publications and Books	1,001,676	1,808,976
Professional Bodies, Membership and Subscription	6,996,011	6,609,273
Skills Development Fund Levy	4,137,413	4,874,458
Uniform and Protective Clothing	2,809,641	2,158,384
<b>Total</b>	<b>82,293,420</b>	<b>65,231,337</b>
<b>48. Operating leases</b>		
Operating leases	18,956,121	16,995,086
<b>Operating leases (municipality as a lessee)</b>		
<b>Land and buildings</b>		
Payable within one year	4,335,511	7,892,893
Payable in second to fifth year inclusive	7,158,751	8,846,993
<b>Total</b>	<b>11,494,262</b>	<b>16,739,886</b>

The Municipality has significant current lease arrangements for land and buildings over a period varying from 2 years and 4 months up to 9 years and 11 months being subject to increased lease payments.

All contingent lease payments are based on the actual contract value of the property leased and the escalations vary from 5.6% up to 8.5% (2020: 5.6% up to 8.5%).

No other restrictions were imposed.

The prior year comparatives have been restated, please refer to note 49 for more detail information.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>49. Net cash from/(used) operating activities</b>		
Surplus after capital transfers and contributions	101,327,421	122,724,969
<b>Adjustments for:</b>		
Depreciation and amortisation	227,481,741	218,661,990
(Gains) / Losses on disposal of assets	3,218,300	2,243,085
Fair value adjustment	(583,767)	(1,818,200)
(Gain)/Losses on disposal of inventory	(320,590)	79,596
Increase / (Decrease) in provisions	26,428,217	(22,898,177)
Impairment losses	175,240,950	153,781,524
Housing Development Fund	(39,419)	(248,564)
Provision for landfill rehab - iGRAP 2 adjustment	(15,897,275)	22,258,333
Assets from capital grant in-kind	(32,186,870)	(35,774,620)
Fair value adjustments on listed stock	5,258	5,339
Lease smoothing	1,923	202
Leave provision	1,819,097	13,556,420
13th Cheque provision	47,482	1,625,091
Long service award	7,997,567	3,806,827
Task Provision	6,627,428	7,654,861
Post-retirement	30,311,532	(22,648,390)
Performance bonus	986,298	961,166
Ex-Gratia pension	68,400	(546,068)
Capitalisation of interest	-	57,342,021
<b>Movement in working capital</b>		
(Increase) / Decrease in receivables from non-exchange transactions	(111,666,536)	(106,508,498)
Increase in consumer deposits	6,502,977	(4,397,876)
(Increase) / Decrease in inventory	(72,123)	(927,471)
(Increase) / Decrease in receivables from exchange transactions	(39,676,629)	(129,914,569)
(Increase) / Decrease in post retirement benefits and long service awards	(38,641,185)	(18,389,971)
Increase / (Decrease) in trade and other payables	(24,185,556)	80,888,352
Increase / (Decrease) in unspent conditional grants and receipts	(5,158,210)	(632,994)
Increase / (Decrease) in other current liabilities	(18,700,508)	(4,903,002)
<b>Net cash flows from operating activities</b>	<b>300,935,923</b>	<b>335,981,376</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020			
50. GRAP 3 adjustments						
The following restatements and adjustments occurred which are set out below:						
i) Adjustments of Statement of financial performance						
2020						
	Note	Previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Revenue						
Exchange revenue						
Services charges - Electricity	25	1,171,403,016	-	-	975,313	1,172,378,329
Services charges - Water	25	163,949,277	-	-	-	163,949,277
Services charges - Waste water management	25	116,383,957	-	-	-	116,383,957
Services charges - Waste management	25	124,369,960	402,545	-	-	124,772,505
Sales of goods and rendering of services	27	12,754,384	-	-	-	12,754,384
Rental from fixed assets	28	15,991,036	-	-	-	15,991,036
Interest on investments	29	6,140,446	-	-	-	6,140,446
Dividends	30	12,600	-	-	-	12,600
Interest on receivables	31	6,421,577	-	-	-	6,421,577
Operational revenue	32	4,266,744	-	-	-	4,266,744
Licences or permits	33	20,240,886	-	-	-	20,240,886
		1,641,933,883	402,545	-	975,313	1,643,311,741
Non-exchange revenue						
Property rates	35	311,891,563	-	-	-	311,891,563
Surcharges and taxes		852,305	-	-	-	852,305
Fines, penalties and forfeits	36	82,126,344	-	-	-	82,126,344
Transfers and subsidies	37	369,372,055	-	-	-	369,372,055
Operational revenue	32	2,368,493	-	-	-	2,368,493
Construction contract revenue	38	2,339,190	-	-	-	2,339,190
		768,949,950	-	-	-	768,949,950
Total revenue		2,410,883,833	402,545	-	975,313	2,412,261,691
Expenditure						
Employee related cost	39	667,786,183	(41,183,491)	-	-	626,602,692
Remuneration of councillors	40	31,026,999	-	-	-	31,026,999
Depreciation, amortisation and impairment	41	215,723,756	2,938,234	-	-	218,661,990
Impairment losses on financial assets	42	153,488,029	-	-	-	153,488,029
Impairment losses on PPE, IA and HA	39	293,482	-	-	-	293,482
Finance costs	44	178,731,085	-	-	-	178,731,085
Bulk purchases - Electricity	45	778,451,728	-	-	975,313	779,427,041
Inventory consumed		55,892,033	-	-	-	55,892,033
Contracted services	46	147,272,713	-	-	(1,252,348)	146,020,365
Transfers and subsidies		16,656,763	-	-	-	16,656,763
Operational cost	47	63,978,989	-	-	1,252,348	65,231,337
Operating leases	48	16,995,086	-	-	-	16,995,086
Fair value and loss on disposal adjustment of assets	34	513,853	(4,037)	-	-	509,816
Total expenditure		2,326,810,699	(38,249,294)	-	975,313	2,289,536,718
Surplus for the year		84,073,134	38,651,839	-	-	122,724,973

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020			
50. GRAP 3 adjustments (continued)						
ii) Adjustments of Statement of financial position						
2020						
	Note	Previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Assets						
Non-current assets						
Property, plant and equipment	3	6,126,283,233	15,143,794	-	-	6,141,427,027
Heritage assets	4	41,223,700	-	-	-	41,223,700
Intangible assets	5	5,267,756	(2)	-	-	5,267,754
Investment property	6	39,558,200	2,635,000	-	-	42,193,200
Investments	7	82,298	-	-	-	82,298
Non-current receivables from exchange transactions	8	328,805	-	-	-	328,805
		6,212,743,992	17,778,792	-	-	6,230,522,784
Current assets						
Inventories	9	26,336,815	-	-	-	26,336,815
Trade and other receivables from exchange transactions	10	318,042,113	(1,587,301)	-	(87,175)	316,367,637
Receivables from non-exchange transactions	11	108,013,380	(4,235,733)	-	87,175	103,864,822
Cash and cash equivalents	12	77,549,461	3,050,437	-	-	80,599,898
Current portion of non-current receivables	13	104,778	-	-	-	104,778
VAT control receivable / (payable)	18	755,447	-	-	-	755,447
		530,801,994	(2,772,597)	-	-	528,029,397
Total assets		6,743,545,986	15,006,195	-	-	6,758,552,181
Net assets and liabilities						
Non-current liabilities						
Borrowings	14	1,636,956,881	-	-	-	1,636,956,881
Lease liabilities	15	1,440,194	-	-	-	1,440,194
Employee benefits	16	178,123,001	26,645,999	-	-	204,769,000
Provisions	17	168,950,709	-	-	-	168,950,709
		1,985,470,785	26,645,999	-	-	2,012,116,784
Current liabilities						
Consumer deposits	19	52,606,653	-	-	-	52,606,653
Trade and other payables from exchange transactions	20	387,805,023	(2,001,010)	-	-	385,804,013
Unspent conditional grants and receipts	21	29,951,738	(6,265,615)	-	-	23,686,123
Borrowings	14	19,681,848	-	-	-	19,681,848
Lease liabilities	15	1,717,999	-	-	-	1,717,999
VAT payable (Control)		-	-	-	-	-
Employee benefits	16	101,422,537	2,514,208	-	-	103,936,745
		593,185,798	(5,752,417)	-	-	587,433,381
Total net assets						
Housing development fund	22	22,000,754	-	-	-	22,000,754
Reserves	23	1,451,197,728	1,259,563	-	-	1,452,457,291
Accumulated surplus	24	2,691,690,921	(7,146,950)	-	-	2,684,543,971
		4,164,889,403	(5,887,387)	-	-	4,159,002,016
Total net assets and liabilities		6,743,545,986	15,006,195	-	-	6,758,552,181

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020			
50. GRAP 3 adjustments (continued)						
iii) Adjustment of Cash flow statement						
2020						
	Note	Previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Cash flows from operating activities						
Receipts						
Property rates		304,627,875	(3)	-	-	304,627,872
Sale of goods and rendering of services		1,433,699,115	32,318,291	-	-	1,466,017,406
Transfers, subsidies and construction contract revenue		303,917,244	2,339,186	-	-	306,256,430
Interest received		12,562,023	(4,351,390)	-	-	8,210,633
Dividends received		12,600	-	-	-	12,600
Other receipts and fines received		85,123,133	(33,185,344)	-	-	51,937,789
Net VAT received		-	-	-	-	-
		-	-	-	-	-
Payments						
Employee cost		(671,609,754)	-	-	-	(671,609,754)
Suppliers		(1,025,475,768)	26,694,109	-	-	(998,781,659)
Interest paid		(121,389,064)	-	-	-	(121,389,064)
Net VAT paid		(4,903,001)	-	-	-	(4,903,001)
Net cash from operating activities		316,564,403	23,814,849	-	-	340,379,252
Cash flows from investing activities						
Proceeds on disposal of property, plant and equipment and intangible assets		2,793,032	4,037	-	-	2,797,069
Increase in other non-current receivables		551,386	-	-	-	551,386
Increase in investments		37,329	-	-	-	37,329
Capital assets		(269,566,985)	(23,818,886)	-	-	(293,385,871)
Net cash from investing activities		(266,185,238)	(23,814,849)	-	-	(290,000,087)
Cash flows from financing activities						
Decrease in short term loans		(3,313,269)	-	-	-	(3,313,269)
Decrease in borrowing long-term		(30,972,150)	-	-	-	(30,972,150)
Decrease in consumer deposits		(4,397,876)	-	-	-	(4,397,876)
Net increase/(decrease) in cash		11,695,870	-	-	-	11,695,870
Cash and cash equivalents at the beginning of the year		65,853,591	3,050,437	-	-	68,904,028
Cash and cash equivalents at the end of the year		77,549,461	3,050,437	-	-	80,599,898
Net increase/(decrease) in cash		11,695,870	-	-	-	11,695,870

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020				
50. GRAP 3 adjustments (continued)						
iv) Adjustment of opening balances						
	Note	Previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Net assets						
Accumulated surplus 1 July 2019		2,583,896,254	-	-	-	2,583,896,254
Adjustment to property, plant and equipment		-	21,412,698	-	-	21,412,698
Adjustment to cash book		-	3,050,437	-	-	3,050,437
Adjustment to unspent grants		-	2,029,882	-	-	2,029,882
Adjustment to shop steward debtor		-	(509,754)	-	-	(509,754)
Adjustment to sale of land		-	(1,438,350)	-	-	(1,438,350)
Adjustment to ex-gratia and TASK provision		-	(786,700)	-	-	(786,700)
Adjustment to post medical		-	(69,557,000)	-	-	(69,557,000)
Total		2,583,896,254	(45,798,787)	-	-	2,538,097,467
Revaluation reserve 1 July 2018		1,480,380,383	-	-	-	1,480,380,383
Adjustment to property, plant and equipment		-	1,259,563	-	-	1,259,563
Total		1,480,380,383	1,259,563	-	-	1,481,639,946
Assets and liabilities						
Property, plant and equipment (Opening balance as at 1 July 2019)			6,062,923,816	18,115,295	-	6,081,039,111
Investment property (Opening balance as at 1 July 2019)			37,740,000	2,635,000	-	40,375,000
Trade and other receivables from exchange transactions (Opening balance as at 1 July 2019)			271,757,059	(2,054,272)	(87,175)	269,615,612
Receivables from non-exchange transactions (Opening balance as at 1 July 2019)			71,830,585	(4,235,733)	87,175	67,682,027
Cash and cash equivalents(Opening balance as at 1 July 2019)			65,853,591	3,050,437	-	68,904,028
Non-current employee benefits (Opening balance as at 1 July 2019)			169,980,001	69,286,000	-	239,266,001
Trade and other payables (Opening balance as at 1 July 2019)			330,633,050	(2,028,134)	-	328,604,916
Unspent conditional grants and receipts (Opening balance as at 1 July 2019)			30,584,732	(6,265,615)	-	24,319,117
Current employee benefits (Opening balance as at 1 July 2019)			82,362,109	1,057,700	-	83,419,809

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 50. GRAP 3 adjustments (continued)

#### v) Detail notes affected by the reclassification

The co-gen tariffs to the amount of R975,312 were reclassified during the year.

Vote numbers initially allocated to the contractor services were allocated to the operational cost due to the nature of the expenditure to the amount of R1,252,348.

Due to some movement in accounts, some balances had to be reclassified between payables and receivables.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>50. GRAP 3 adjustments (continued)</b>		
<b>vi) Detail notes affected by the prior period correction</b>		
<b>a) Property, plant and equipment and Investment Property</b>		
During the financial year errors on PPE and Investment property were corrected. These corrections include assets incorrectly included in the asset register based on classification, existence and prior year adjustments. It was also found that the useful lives of some assets were incorrectly reviewed based on historical information which was available. These errors were corrected on the asset register.		
<b>(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)</b>		<b>2020</b> (21,412,698)
<b>Increase / (Decrease) in PPE (Opening Balance 1 July 2019)</b>		18,115,295
<b>(Increase) / decrease in Revaluation reserve (Opening Balance 1 July 2019)</b>		(1,259,563)
<b>Decrease / (increase) in Trade and other payables (Opening Balance 1 July 2019)</b>		1,997,398
<b>Increase / (decrease) in Investment Property (Opening Balance 1 July 2019)</b>		2,635,000
<b>Increase / (decrease) in Trade receivables from exchange transactions (Opening Balance 1 July 2019)</b>		(75,432)
<b>Increase / (decrease) in Depreciation</b>		
Depreciation		2,938,234
<b>Decrease / (increase) in trade and other Payables</b>		
Retention		33,258
<b>Increase / (Decrease) in Property, plant and equipment</b>		
Property, plant and equipment		(2,971,492)
<b>(Increase) / decrease in Accumulated Surplus</b>		
Offsetting of depreciation		34,246
<b>(Increase) / decrease in Revaluation reserve</b>		
Offsetting of depreciation		(34,246)
		-

### b) Review on Sale of land ledger accounts

During the year it was identified that transactions that has already been concluded, were erroneously still in the opening balances of the ledger account. This error was corrected retrospectively.

<b>Decrease / (increase) in Accumulated Surplus (Opening Balance 1 July 2019)</b>	<b>2020</b> 1,438,350
<b>(Decrease) / increase in trade and other receivables from exchange transactions (Opening Balance 1 July 2019)</b>	(1,469,086)
<b>Decrease / (increase) in Trade and other payables (Opening Balance 1 July 2019)</b>	30,736
<b>Increase / (Decrease) in Trade and other receivables from exchange transactions</b>	
Payments received in advance	(4,037)
<b>(Increase) / decrease in gain on disposal of assets</b>	4,037
	-

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>50. GRAP 3 adjustments (continued)</b>		
<b>c) Cash book adjustment</b>		
Bank adjustments relating to previous financial years were corrected.		
		<b>2020</b>
(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)		(3,050,437)
Increase / (decrease) in Cash and cash equivalents (Opening Balance 1 July 2019)		3,050,437
		-
<b>d) Unspent conditional grant adjustments</b>		
During the year unspent conditional grants were reviewed and it was discovered that some incorrect transaction were not accounted for. These adjustments were made retrospectively.		
		<b>2020</b>
(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)		(2,029,882)
Decrease / (increase) in Unspent conditional grant and receipts (Opening Balance 1 July 2019)		2,029,882
(Decrease) / increase in Receivables from non-exchange transactions (Opening balance 1 July 2019)		(4,235,733)
Decrease / (increase) in Unspent Conditional Grants (Opening balance 1 July 2019)		4,235,733
		-
<b>e) Ex-gratia pension benefit and TASK adjustments</b>		
A detail review was performed on the ex-gratia benefit and TASK provision, and it was confirmed that the data related to the prior years contained errors. The liabilities were corrected retrospectively.		
		<b>2020</b>
(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)		786,700
Decrease / (increase) in Non-current employee obligations (Opening Balance 1 July 2019)		271,000
(Increase) / decrease in Current employee obligations (Opening Balance 1 July 2019)		(1,057,700)
<b>Increase / (decrease) in Employee Related Cost</b>		
Ex-Gratia Pension Benefits		(5,000)
TASK provision		1,456,509
<b>Decrease / (increase) in Non-current employee obligations</b>		
Ex-Gratia Pension Benefits		5,000
<b>(Increase) / decrease in Current employee obligation</b>		
TASK provision		(1,456,509)
		-

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>50. GRAP 3 adjustments (continued)</b>		
<b>f) Post-employment medical benefit</b>		
A detail review was performed on the Post employment medical benefit, and it was confirmed that the data related to the prior years and assumptions contained errors. The liability was corrected retrospectively.		
		<b>2020</b>
<b>(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)</b>		69,557,000
<b>Decrease / (increase) in Non-current employee obligations (Opening Balance 1 July 2019)</b>		(69,557,000)
<b>(Increase) / decrease in Employee Related Cost</b>		
Post-Employment Health Care Benefits		42,635,000
<b>Decrease / (increase) in Non-current employee obligations</b>		
Post-Employment Health Care Benefits		(42,635,000)
		-
<b>g) Shop steward Union debtor</b>		
During the year the debtor were reviewed and corrections were retrospectively adjusted.		
		<b>2021</b>
<b>(Increase) / decrease in Accumulated Surplus (Opening Balance 1 July 2019)</b>		509,754
<b>(Decrease) / increase in Receivables from non-exchange transactions (Opening balance 1 July 2019)</b>		(509,754)
		-
<b>h) Accrued revenue for sewerage</b>		
During the year it was discovered that sewerage revenue was accounted for incorrectly. These classification corrections were adjust retrospectively.		
		<b>2021</b>
<b>Increase / (decrease) in Receivables from exchange transactions</b>		462,927
<b>(Increase) / decrease in Trade payables from exchange transactions</b>		(60,382)
<b>(Increase) / decrease in Service charges</b>		(402,545)
		-

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 50. GRAP 3 adjustments (continued)

#### Other items

##### a) SCM Disclosures

Included in notes relating to last year's transactions, Value Added Tax were added onto the disclosed notes and corrected retrospectively. Refer to each section separately for more detail information.

##### b) Cash flow statement - reclassifications and corrections

Prior year comparatives were restated on the cash flow statement and reconciliation note, due to the effect of the corrections and detailed above as well as other errors identified between items within the Cash flow statement.

##### c) Financial instruments - Maturity Analysis

The financial instruments note, specifically the fair value of assets (note 55.1), liquidity risk (note 55.7) and credit risk management (note 55.8) was restated due to the correction of errors.

##### d) Capital Commitments

Last year's transactions was disclosed excluding VAT. The prior year had to be adjusted in order to include VAT for the current and comparative year which amount to an increase of R24,974,809. Other corrections relating to expenditure reflecting in the incorrect period were also corrected, which lead to a decrease of R15,532,706. This resulted in a net movement of R9,442,103 from the previous disclosed amounts. Refer to the note for more detail information.

	Previously Reported	Restated Amount
Infrastructure	182,075,413	191,960,474
Other	-	-
Intangibles	3,240,660	2,797,703
	<b>185,316,073</b>	<b>194,758,177</b>

##### e) Exchange and Non-exchange service revenue

During the year service charges were split into exchange and non-exchange revenue and this was corrected retrospectively.

### Statement of Financial Performance for the year ended 30 June 2020

	After restatement in note 50 (i)	New Disclosed Amount
<b>Exchange revenue</b>		
Service charges - Electricity	1,172,378,329	1,170,589,172
Service charges - Water	163,949,277	162,252,918
Service charges - Waste water management	116,383,957	113,853,045
Service charges - Waste management	124,772,505	121,887,978
<b>Non-exchange revenue</b>		
Availability charges - Electricity	-	1,789,157
Availability charges - Water	-	1,696,359
Availability charges - Waste water management	-	2,530,913
Availability charges - Waste management	-	2,884,526
	<b>1,577,484,068</b>	<b>1,577,484,068</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 51. Adjusting events after the reporting date

#### Unauthorised, irregular, fruitless and wasteful expenditure

a) The following expenditure was written off by Council on 28 July 2021:

Unauthorised expenditure - R34,503,469;

Irregular expenditure - R1,906,140; and

Fruitless and wasteful - R256,541.

The write-off were taken into account in note 52.

b) The following expenditure was written off by Council on 29 September 2021:

Irregular expenditure - R2,066,651

The write-off were taken into account in note 52.

#### Contingent liabilities

NERSA - after submission of the unaudited annual financial statements to the AGSA, the case was concluded on 22 October 2021 with no financial impact on the municipality.

#### Unspent Conditional Grants

The application to roll-over the water service infrastructure grants was not approved by National Treasury and will be reverted back to the national fiscus.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>52. Unauthorised, irregular, fruitless and wasteful expenditure</b>		
<b>52.1 Unauthorised expenditure</b>		
<b>Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total Operating Budget</b>		
Opening balance as previously reported	-	-
Add: Unauthorised expenditure – current	-	-
Add: Unauthorised expenditure – prior period	-	-
Less: Amounts written-off – current	-	-
Less: Amounts written-off – prior period	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>

### Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Total Operating Budget

#### Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - Department)

Opening balance as previously reported	34,503,469	13,268,809
Add: Unauthorised expenditure – current	-	34,503,469
Less: Amounts written-off – current	(34,503,469)	(13,268,809)
<b>Closing balance</b>	<b>-</b>	<b>34,503,469</b>

#### 2021

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	4,285,735	4,227,406	-	-
Financial Services	124,552,102	111,947,071	-	-
Corporate Services	166,176,503	162,486,960	-	-
Planning and Development	47,567,393	46,977,991	-	-
Community Services	480,389,198	469,159,599	-	-
Engineering Services	1,687,221,688	1,660,514,160	-	-
Department of Chief Audit Executive	8,800,760	8,723,623	-	-
Department of Risk And Compliance	2,194,349	2,109,762	-	-
Department of IDP And PMS	6,327,808	5,714,506	-	-
Department of Communication	4,840,388	4,339,423	-	-
	<b>2,532,355,924</b>	<b>2,476,200,501</b>	<b>-</b>	<b>-</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 52. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

#### 2020

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	4,552,112	3,954,927	-	-
Financial Services	130,797,902	165,301,371	(34,503,469)	-
Corporate Services	157,095,965	112,466,432	-	-
Planning and Development	54,225,506	50,498,427	-	-
Community Services	478,491,433	419,956,230	-	-
Engineering Services	1,557,337,110	1,518,123,891	-	-
Department of Chief Audit Executive	7,889,045	7,720,121	-	-
Department of Risk And Compliance	2,908,400	1,769,812	-	-
Department of IDP And PMS	5,365,531	5,021,457	-	-
Department of Communication	5,575,540	3,911,309	-	-
	<b>2,404,238,544</b>	<b>2,288,723,977</b>	<b>(34,503,469)</b>	<b>-</b>

The unauthorised expenditure is due to the capitalisation of interest as a result of negotiations during the restructuring process. Refer to note 43.1 and 14 for more information.

#### Application of Sec (a) of the definition of Unauthorised expenditure in terms of the MFMA - Total Capital Budget

##### Reconciliation of unauthorised expenditure - Per Sec (a) of the definition of

##### Unauthorised expenditure (Total Capital Budget)

Opening balance as previously reported	-	8,749,147
Less: Amounts written-off – current	-	(8,749,147)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

The over expenditure incurred during the year is attributable to the following categories:

#### Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA - Capital Budget

##### Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of

##### Unauthorised expenditure (Vote - GFS)

Opening balance as previously reported	-	18,724,999
Less: Amounts written-off – current	-	(18,724,999)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 52. Unauthorised, irregular, fruitless and wasteful expenditure (continued)

#### 2021

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	21,475	21,475	-	-
Financial Services	668,412	517,709	-	-
Corporate Services	4,836,890	4,520,937	-	-
Planning and Development	160,583	160,583	-	-
Community Services	48,093,737	45,968,540	-	-
Engineering Services	185,259,417	170,438,667	-	-
Department of Chief Audit Executive	-	-	-	-
Department of Risk And Compliance	1,416	1,416	-	-
Department of IDP And PMS	-	-	-	-
Department of Communication	17,131	17,130	-	-
	<b>239,059,061</b>	<b>221,646,457</b>	-	-

#### 2020

	Budget	Actual expenditure	Unauthorised expenditure	Amount written off by council
<b>Unauthorised expenditure per Vote (Department)</b>				
Office of the City Manager	25,001	825	-	-
Financial Services	1,765,561	1,765,560	-	-
Corporate Services	9,246,981	6,234,938	-	-
Planning and Development	764,971	764,035	-	-
Community Services	80,477,740	62,712,484	-	-
Engineering Services	215,877,592	198,043,722	-	-
Department of Chief Audit Executive	-	-	-	-
Department of Risk And Compliance	30,000	30,000	-	-
Department of IDP And PMS	-	-	-	-
Department of Communication	206,345	206,280	-	-
	<b>308,394,191</b>	<b>269,757,844</b>	-	-



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>52. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>		
<b>52.2 Irregular expenditure</b>		
Opening balance as previously reported	3,024,725	1,452,345
Add: Irregular expenditure – current	3,113,057	4,904,499
Add: Irregular expenditure – prior period #	-	253,076
Add: Irregular expenditure VAT portion	-	773,636
Less: Amounts approved by Council	(5,091,376)	(3,332,119)
Less: Amounts approved by Council - prior period #	-	(253,076)
Add: Irregular expenditure VAT portion	-	(773,636)
<b>Closing balance</b>	<b>1,046,406</b>	<b>3,024,725</b>

# Irregular expenditure from 53 Power Projects (Pty) Ltd (ED1/2017) to the amount of R253,076 was incorrectly excluded from the prior year disclosure. This irregular expenditure was written off by Council on 25 August 2020.

During the year the municipality become aware that the disclosure note should include VAT on all amounts disclosed.

All above mentioned amounts now include VAT.

Incident	Disciplinary steps/criminal proceedings		
Expansion of contract CES 07/2015 (Upgrade and extension of the Wellington Waste Water Treatment Works to 16ML / day : Mechanical and Electrical Installation)	Investigated and report submitted to Council. Amounts written off as recommended.	-	422,615
Expansion of contract CES 08/2015 (Upgrade and extension of the Wellington Waste Water Treatment Works to 16ML / day : Civil Works)	Investigated and report submitted to Council. Amounts written off as recommended.	-	734,883
Revised interpretation of the application of Regulation 32 of the Municipal Supply Chain Management Regulations as included in MFMA Circular No. 96 dated 24 July 2019.	Investigated and report submitted to Council. Amounts written off as recommended.	-	1,367,618
Expansion of contract COM P3/2017 without prior approval by the delegated authority.	Investigated and report submitted to Council. Amounts written off as recommended.	-	1,118,585
Non-compliance to procurement process for the hiring of a digger loader and tipper truck for works at Saron and Paarl Waste Water Treatment.	Investigated and report submitted to Council. Expenditure was written off by Council on 25 August 2020.	-	40,653

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>52. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>			
The award was made to the incorrect supplier	Investigated and report submitted to Council. Amounts written off as recommended.	-	73,478
Deviation appointment for the hiring, cleaning, maintenance and delivery of chemical toilets	Investigated and report submitted to Council. Amounts written off as recommended.	-	506,928
Composition of bid committees	Investigated and report submitted to Council. Prior year amount written off as recommended. Current year still under investigation.	2,066,651	486,904
Deviation appointment for CCTV monitoring in Paarl	Investigated and report submitted to Council. Amounts written off as recommended.	-	152,835
53 Power Projects (Pty) Ltd (ED1/2017)	Investigated and report submitted to Council. Amounts written off as recommended.	-	253,076
Deviation: Emergency repair to damaged Sulzer Pump no.4 at Pentz Street, Wellington.	Matter will be investigated and reported to Council.	334,834	-
Deviation: Emergency repair to damaged Sulzer Pump no.2 at Pentz Street, Wellington.	Matter will be investigated and reported to Council.	711,572	-
<b>Total</b>		<b>3,113,057</b>	<b>5,157,575</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand		2021	2020
<b>52. Unauthorised, irregular, fruitless and wasteful expenditure (continued)</b>			
<b>52.3 Fruitless and wasteful expenditure</b>			
Opening balance as previously reported		463,947	-
Add: Fruitless and wasteful expenditure – current		-	256,541
Add: Fruitless and wasteful expenditure – prior period		-	282,838
Less: Fruitless and wasteful expenditure – adjustment		-	(75,432)
Less: Amount recovered of prior period expenditure		(207,406)	-
Less: Amounts written-off – current		(256,541)	-
<b>Closing balance</b>		<b>-</b>	<b>463,947</b>
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>		
A double payment occurred on contract COM P2/2016 for the construction of a new club house including cloak rooms at Hermon Sports Grounds	Outstanding amount collected from the service provider.	-	207,406
Payment of interest to Eskom	Interest was levied due to purported late payment as a result of limited operational hours of the National Payment System on public holidays and weekends.	-	256,541
<b>Total</b>		<b>-</b>	<b>463,947</b>

During the year the municipality become aware that the disclosure note should include VAT on all amounts disclosed.

All above mentioned amounts now include VAT.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021		2020			
53. Additional disclosures in terms of Municipal Finance Management Act						
	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2021						
Opening balance	1,421,648	-	7,203,086	538,479	-	-
Subscription/fees	8,344,040	7,411,633	98,442,909	6,793,420	115,534,139	43,961,936
Amount paid – current year	(15,177,274)	(7,411,633)	(96,601,150)	(6,713,096)	(115,534,139)	(43,961,936)
Balance (prepaid) / unpaid **	(5,411,586)	-	9,044,845	618,803	-	-
	SALGA contributions	Audit fees	PAYE	UIF	Pension	Medical aid
As at 30 June 2020						
Opening balance	(5,180,877)	-	-	-	-	-
Subscription/fees	6,602,525	7,981,582	86,590,288	6,679,847	104,788,353	41,818,207
Amount paid – current year	-	(7,981,582)	(79,387,202)	(6,141,368)	(104,788,353)	(41,818,207)
Balance (prepaid) / unpaid **	1,421,648	-	7,203,086	538,479	-	-

\*\* These balances are either included in (debtors) or creditors respectively.

VAT output payables and VAT input receivables are shown in Note 18 . All VAT returns have been submitted by the due date throughout the year.

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA:

CHAPTER	SECTION	SUB-SECTION
8	74	1

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 54. Additional disclosures in terms of the supply chain management regulations

##### 54.1. Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

SCM paragraph reference	Description of deviation		
36 (1)(a) i	Dispense with the official procurement processes in an emergency	1,649,496	2,607,417
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider.	8,508,009	9,559,319
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	132,945	795,695
<b>Total deviations</b>		<b>10,290,450</b>	<b>12,962,431</b>

##### 54.2. Awards to close family members of persons in service of the state - SCM Regulation 45

##### Awards to close family members of persons in the service of Drakenstein Municipality

Supplier name	Employee name	Relationship	Department		
Business Connexion	C van Der Bank	Spouse	Drakenstein Municipality: Planning & Development	4,157,848	4,607,337
D Uren Construction	Z Naidoo	Child	Drakenstein Municipality: Finance	821,148	1,158,680
	U Naidoo	Son-in-law	Drakenstein Municipality: Engineering		
Wab Printmedia (Pty) Ltd	A Brink	Spouse	Drakenstein Municipality: Finance	93,841	54,789
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd)	P W Pansegrouw	Spouse	Drakenstein Municipality: Engineering Services	2,763,421	25,119,522
Harold's Auto Repairs	B van Rooy	Child	Drakenstein Municipality: Engineering Services	528,435	397,896
EHH Building Construction	H Fredericks	Brother	Drakenstein Municipality	1,039,035	311,882
Siphakame Skills Development CC	N Vacu	Spouse	Drakenstein Municipality: Planning and Economic Development	-	37,500
Roll-a-add CC	R Jaftha	Spouse	Drakenstein Municipality: Internal Audit	22,000	-
Imivisiswano Infrastructure Development (Pty) Ltd	C Boonzaaier	Sister	Drakenstein Municipality: Finance	35,514	-
BD Uren	Z Naidoo	Sister	Drakenstein Municipality: Finance	111,343	-

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 54. Additional disclosures in terms of the supply chain management regulations (continued)

U Naidoo Brother-in-law Drakenstein Municipality: Engineering

9,572,585

31,687,606

### Awards to close family members of persons in the service of other state departments and entities (not listed above)

Supplier name	Employee name	Relationship	Department		
CSM Consulting Services (Pty) Ltd	A Van Collie	Child	Department of Environmental Affairs	657,479	1,536,918
LJ Projects and Events	C Jafta	Spouse	Department of Water Affairs	-	5,500
Mubesco Africa (PTY) Ltd	J Niehaus	Spouse	Northern Cape department of Health	103,500	842,870
TC Event Management (Pty) Ltd	L Johnson	Brother	South African Police Services	-	1,239,592
Succido Enterprises	L Kram	Spouse	Passenger Rail Agency of South Africa	-	42,214
Motheo Construction Group (Pty) Ltd	R Mantlhasi	Parent	Department of Home Affairs	2,861,193	5,642,024
Humafeld (Pty) Ltd	N Kobeli	Spouse	South Africa Social Security Agency (SASSA)	207,262	449,048
Samvix Trading and Development (Pty) Ltd	J Fullard	Brother	Stellenbosch Local Municipality	-	4,137
	J Fullard	Brother	City of Cape Town	-	-
Servelec (Pty) Ltd	L de Lange	Spouse	South African Revenue Services	805,255	1,161,891
Van Der Spuy (Wes-Kaap) Inc Van Der Spuy en Vennote	M Van Zyl	Spouse	Western Cape Department of Education	2,338,582	1,137,662
Webber Wentzel	Dr E Watson	Brother	Road Accident Fund	784,565	391,479
	E Watson	Parent	Department of Public Services and Administration	-	-
	JCL Smit	Parent	Beaufort West Municipality	-	-
	N Ndebele	Sister	Gauteng Department of Education	-	-
	Dr D Signh	Parent	Department of Basic Education (KZN)	-	-
	P Singh	Parent	Department of Basic Education (KZN)	-	-
Barends Industrial Solutions	W Barends	Spouse	Western Cape Department of Education	509,136	702,161
Masiqhame Trading ZZ CC	S Gxilishe	Parent	Western Cape Department of Education	2,402	65,297
	B Gxilishe	Parent	Department of Agriculture and Fisheries	-	-
WRP Consulting Engineers (Pty) Ltd	K Mamphita	Spouse	South African Broadcasting Corporation	584,660	377,839
	Z Van Rooyen	Spouse	Department of Public Works	-	-
Democratic Packaging CC	V Van Der Heerver	Spouse	Western Cape Department of Education	-	136,620
J Walters T/A JC Travel	Walters	Spouse	Western Cape Department of Education	11,800	27,300
ADK General Services (Pty) Ltd	D Khonje	Spouse	South African Police Services	-	34,560
Multimode Trading (Pty) Ltd	H Esterhuizen	Spouse	South African Police Services	439,768	14,384
Water and Sanitation Services South Africa (Pty) Ltd	T Zwane	Spouse	Ekurhuleni Metro Municipality	-	14,145

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 54. Additional disclosures in terms of the supply chain management regulations (continued)

Piston Power Chemicals	N Anidhee	Spouse	KNZ Department of Education	252,902	150,057
JPCE (Pty) Ltd	J Minnie	Spouse	City of Cape Town	696,967	1,672,769
Massamatic (Pty) Ltd	M Barnard	Inlaw	Department of Health	-	78,643
Neil Lyners and Associates CC t/a Lyners	H Lyners	Brother	Western Cape Provincial Government	4,705,945	7,675,393
Red Ant Security Relocation and Eviction Services	N Lesoela	Spouse	Mogale City Local Municipality	-	174,224
Rhode Bros Steel Projects CC	D Rhode	Child	South African Police Services	13,800	177,120
Ikapa Reticulation & Flow CC	S Davids	Spouse	Western Cape Department of Education	1,098,547	-
Aecom SA (Pty) Ltd	V Hariram	Parent	eThekweni Municipality	-	35,432
	FA Lubbe	Spouse	NECSA	-	-
	A van der Merwe	Spouse	Department of Health	-	-
	R de Kock	Spouse	City of Cape Town	-	-
	M Bruintjies	Brother	SANDF	-	-
	F Venter	Brother	ESKOM	-	-
	E Bekker	Spouse	Gauteng Department of Education	-	-
	L Burger	Spouse	Western Cape Department of Education	-	-
	E Kok	Spouse	Western Cape Department of Education	-	-
	P Maake	Brother	Madibeng Municipality	-	-
	JJ Kitshoff	Parent	Armscor	-	-
	A Peinke	Spouse	eThekweni Municipality	-	-
Kozain Panel Beaters	J Kozain	Child	Western Cape Department of Education	61,494	74,416
	T Kozain	Child	Western Cape Department of Health	-	-
Zutari (Pty) Ltd (previous Aurecon South Africa (Pty) Ltd)	WZ Erasmus	Spouse	Cape Nature	2,763,421	25,119,522
TC Events Co (Pty) Ltd	L Johnson	Brother	South African Police Services	32,275	-
JF van Wyk	M Renier	Sister	Western Cape Department of Education	61,500	32,500
	D Renier	Brother-in-law	South African Police Services	-	-
<b>All amounts include VAT</b>				<b>18,992,453</b>	<b>49,015,717</b>

The figures for the 2019/2020 financial year is restated due to the identification of duplicate transactions that was included in the audit figure. The duplications have been removed and the amount have been restated.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>55. Capital commitments</b>		
Commitments in respect of capital expenditure:		
<b>Approved and contracted for:</b>		
Infrastructure *	39,193,792	191,960,474
Other *	789,926	-
Intangibles *	2,879,608	2,797,703
	<b>42,863,326</b>	<b>194,758,177</b>

\* The comparative amounts as disclosed in the 2019/2020 AFS was adjusted to include VAT and to correct errors identified.  
All above mentioned amounts include VAT.

## 56. Financial instruments

### 56.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the audited annual financial statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Capital expenditure and Cash flow, are as follow:

		2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
<b>Fair value</b>					
Listed investments	7&12	39,706	39,706	82,298	82,298
<b>Amortised cost</b>					
Non-current receivables from exchange transactions	8	272,299	272,299	328,805	328,805
Trade and other receivables from exchange transactions	10	292,073,361	292,073,361	316,367,637	316,367,637
Current portion of non-current receivables	8	156,788	156,788	104,778	104,778
Cash and cash equivalents	12	138,741,652	138,741,652	80,599,898	80,599,898
		<b>431,244,100</b>	<b>431,244,100</b>	<b>397,401,118</b>	<b>397,401,118</b>
<b>Total financial assets</b>		<b>431,283,806</b>	<b>431,283,806</b>	<b>397,483,416</b>	<b>397,483,416</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
<b>Unsecured bank facilities:</b>					
Financial liabilities		1,618,427,774	1,618,427,774	1,638,397,075	1,638,397,075
<b>Trade and other payables:</b>					
Consumer deposits	19	59,109,630	59,109,630	52,606,653	52,606,653
Trade and other payables from exchange transactions	20	259,885,443	259,885,443	295,216,074	295,216,074
Current portion of financial liabilities		19,969,302	19,969,302	21,399,847	21,399,847
		<b>338,964,375</b>	<b>338,964,375</b>	<b>369,222,574</b>	<b>369,222,574</b>
<b>Total financial liabilities</b>		<b>1,957,392,149</b>	<b>1,957,392,149</b>	<b>2,007,619,649</b>	<b>2,007,619,649</b>
<b>Total financial instruments</b>		<b>(1,526,108,343)</b>	<b>(1,526,108,343)</b>	<b>(1,610,136,233)</b>	<b>(1,610,136,233)</b>

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

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### 56. Financial instruments (continued)

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

The audited annual financial statements include holdings in Listed Government Stock which are measured at Fair Value (Note 7). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

#### Assumptions used in determining fair value of financial assets and financial liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments.

The levels have been defined as follow:

#### Level 1

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

#### Level 2

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

#### Level 3

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

#### 30 June 2021

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Financial instruments at fair value:</b>				
Listed investments	39,706	-	-	39,706
<b>Financial liabilities</b>				
<b>Financial instruments at fair value:</b>				
Bank overdraft	-	-	-	-
Other loans	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	-

# Drakenstein Municipality

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<b>56. Financial instruments (continued)</b>		
<b>30 June 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>
<b>Financial assets</b>		<b>Level 3</b>
<b>Financial instruments at fair value:</b>		<b>Total</b>
Listed investment	82,298	-
<b>Financial liabilities</b>		
<b>Financial instruments at fair value:</b>		
Bank overdraft	-	-
Other loans	-	-
<b>Total financial liabilities</b>	-	-

### 56.2 Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

### 56.3 Financial risk management objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit and risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

### 56.4 Significant accounting policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the audited annual financial statements.

### 56.5 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 56.6 below). No formal policy exists to hedge volatilities in the interest rate market.

### 56.6 Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the municipality's interest bearing external loan liabilities, as detailed in Appendix 'A', are fixed interest rate loans. Similarly with financial assets, the municipality invests its surplus funds on call deposit interest rate deposits with banks for fixed terms not exceeding one year.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

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### 56. Financial instruments (continued)

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

#### 56.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

#### 30 June 2021

	Within 1 year	2 to 5 years	5 years +	Total
<b>Maturity analysis</b>				
Annuity loans	198,639,088	1,004,723,266	2,022,463,325	3,225,825,679
Finance leases	1,413,432	26,762	-	1,440,194
Payables from exchange transaction	259,885,443	-	-	259,885,443
	<b>459,937,963</b>	<b>1,004,750,028</b>	<b>2,022,463,325</b>	<b>3,487,151,316</b>

#### 30 June 2020

	Within 1 year	2 to 5 years	5 years +	Total
<b>Maturity analysis</b>				
Annuity loans	201,433,182	953,981,047	2,271,844,632	3,427,258,861
Finance leases	1,951,234	1,509,005	-	3,460,239
Payables from exchange transaction	295,216,074	-	-	295,216,074
	<b>498,600,490</b>	<b>955,490,052</b>	<b>2,271,844,632</b>	<b>3,725,935,174</b>

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

#### 56.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy. The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 11 to the audited annual financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the audited annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

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## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>56. Financial instruments (continued)</b>		
Investments	39,706	82,298
Long-term receivables	206,539	433,583
Trade and other receivables from exchange transactions	292,073,361	316,367,637
Bank and cash balances	138,740,976	80,599,898
<b>Maximum credit and interest risk exposure</b>	<b>431,060,582</b>	<b>397,483,416</b>

### 56.9 Other price risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

### 57. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the Broad-Based Black Economic Empowerment Act (B-BBEE) is included in the Annual Report under the section titled Employment Equity.

### 58. Related party disclosures

#### 58.1 Nature of related party relationships

##### Related party

Compensation made to Key Management Personnel  
Compensation made to Councillors

##### Nature of relationship

Refer to note 39.1  
Refer to note 40

#### 58.2 Related party transactions

##### Revenue

Consumer services rendered to Key Management Personnel	50,812	80,704
Consumer services rendered to Councillors	1,459,749	1,419,208
	<b>1,510,561</b>	<b>1,499,912</b>

#### 58.3 Related party balances

##### Outstanding balances

##### Consumer accounts

Key Management Personnel	-	-
Councillors	73,065	71,841
	<b>73,065</b>	<b>71,841</b>

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councillors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in GRAP 20, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes in terms of Supply Chain Management Regulations 46, awards to close family members of persons in the service of the state are disclosed in note 53.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

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### 59. Retirement benefit information

The municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of financial performance of R 115,534,139 (2020: R 104,788,535) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

#### a) LA Retirement Fund (Previously Cape Joint Pension Fund)

The LA Retirement Fund operates both as a defined benefit and defined contribution scheme.

##### Defined benefit scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2020 disclosed an actuarial valuation amounting to R1,420,856,000 (30 June 2019: R1,655,893,000), with a net accumulated surplus of R0 (2019: R11,200,000), with a funding level of 100.0% (30 June 2019: 100.7%).

##### Defined contribution scheme

The actuarial valuation report at 30 June 2020 indicated that the defined contribution scheme of the fund is in a sound financial position, with assets amounting to R1,891,631,000 (30 June 2019: R1,960,090,000), net investment reserve of R0 (30 June 2019: R0) and with a funding level of 100% (2019: 100%).

The actuary concluded that:

- The funding level of the Pensioner Account reduced from 100.7% to 100.0% on the funding basis;
- The surplus in the Pensioner Account decreased from R11.2 million to zero as at the valuation date;
- The Trustees awarded a 1.0% pension increase with effect from 1 January 2021 and 55% of monthly pension payable as a bonus in December 2020; and
- The DC Section funding level was 100%. The DC Section is in a sound financial condition with a Contingency Reserve Account of R5.2 million as at the valuation date.

#### b) Consolidated Retirement Fund for local government (Previously Cape Joint Retirement Fund)

The last statutory valuation performed as at 30 June 2020 revealed that the net assets of the Fund amounted to R28,560,000,000 (30 June 2019: R26,215,000,000). The members share account and processing reserve account had assets amounting to R27,710,650,000 (2019: R25,389,735,000), and the pensions account had assets amounting to R619,700,000 (2019: R647,516,000) with funding levels of 100.5% and 132.2% (30 June 2019 100.3% and 124.9%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2020 & 2019. The contribution rate paid by the members (7.5%) and the municipalities (7.5% or 19.5%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

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Audited Annual Financial Statements for the year ended 30 June 2021

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### 59. Retirement benefit information (continued)

#### c) SALA Pension Fund

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 1 July 2018 revealed that the assets of the fund amounted to R14,298,600.00 (30 June 2015: R13,231,200.00), with funding levels of 96.0% (30 June 2015: 100%). Recommended that employers continue to contribute at the current rate of 19.18% of pensioners salaries.

It is the actuary's opinion that:

- They are satisfied with the investment strategy of the Fund;
- The nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- The matching of assets with the liabilities of the Fund is adequate; and
- The insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

#### d) Municipal Councillors' Pension Fund

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R1,798,030,000 (30 June 2017: R1,480,549,000), with funding levels of 103.26% (30 June 2017: 101.31%). The contribution rate paid by the members (13.75%) and council (15.00%) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2018, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

#### e) National Fund For Municipal Workers

The fund operates as a defined contribution fund and in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the Local Authority and the member, subject to an absolute minimum contribution of 2% and 5% of their remuneration respectively.

Category C members, appointed after 1 July 2012, who are not part of the Schedule shall make monthly contributions to the Fund equal to 7.5% of their Remuneration.

The Local Authority must contribute in respect of category A and category C members such an amount as agreed between the Local Authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively. Category B members are members who belong to both category A and C and the Local Authority must, on behalf of such members, not contribute less than 7% of their remuneration. The contribution rates stipulated above include the amount payable towards the insured risk benefits policy.

The last statutory valuation performed as at 30 June 2019 revealed that the assets of the fund amounted to R17,107,067,000 (30 June 2018: R15,393,671,000), with funding levels of 100.40% (30 June 2018: 100.46%). The actuary certified that the assets of the fund are sufficient to cover 100.40% of the members liabilities, also that it can be expected that the funding level of a fund of this nature will fluctuate around 100%, for example due to timing differences in investment and receipt of monies, slight mismatching of assets and liabilities and processing errors.

#### f) The Municipal Workers Retirement Fund (Previously South African Municipal Workers Union Provident Fund)

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18% from 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948,000 (30 June 2014: R6,574,775,000), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members Funds Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members Funds Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152,827,000 which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position. Newer information could not be obtained as the fund only releases information on payment.

# Drakenstein Municipality

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### 60. Contingent liabilities

#### Paarl Print (Pty) Ltd - Destruction of property - Claim for damages

A fire destroyed the Paarl Print property erf 25867, Paarl during September 2009. As a result of this incident, the applicant during March 2012 lodged a claim against the Municipality to the amount of R448,819,503.79 (2020: R448,819,503.79). Claim was referred to Council's insurers and notice of intention to defend was lodged by the insurer's legal representatives. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled. No further action since 2012.

#### Francois Levens

The plaintiff claim is for general damages; after the plaintiff was wrongfully and unlawfully assaulted and robbed. Matter referred to internal insurance department and the Municipality filed a plea, but awaits action from the plaintiff. The claim was estimated to be R400,000 (2020: R400,000).

#### A Gelderblom

A Summons has been issued against the Municipality for damages after driving through a pothole. The claim amounted to R16,762 and is currently with attorneys appointed by the Municipality.

#### WJ de Kock

A Summons has been issued against the Municipality for damages after driving through a exposed drain in the road surface. The claim amounted to R7,790 and is currently with attorneys appointed by the Municipality.

#### TE Joka

During Feb 2019. the Plaintiffs' vehicle was impounded for not having a valid permit to transport passengers. The Plaintiff received a fine and appeared in Court to dispute the fine and was successful. The charges against the plaintiff were withdrawn, but the fine of R7,000 was not refunded. The claim is currently with attorneys appointed by the Municipality.

#### S Lagardien

A Summons has been issued against the Municipality for damages after driving through a pothole. The claim amounted to R6,990 and is currently with attorneys appointed by the Municipality.

#### DC de Villiers

In February 2018 a fire broke out on Wolfkloof, the plaintiff is not aware of the cause of fire. The fire continued to burn for 3 days where after it spread onto the Trusts Farms on February 2018 and amount to R20,667,475. We are one of eight (8) defendants and in the event that the claim is successful, the Municipality will be liable for the excess amount of R25,000.

#### Various other insurance claims

To date a total of 14 cases are being dealt with at the Municipality's insurer and amounts to R2,423,105 in total claims. In the event that the claims are successful, the Municipality will be liable for the amount of R278,000, which is the excess payable.

#### D Hattingh

The municipality has a current arbitration process with the former Director of Engineering Services, who claims an alleged constructive dismissal. The maximum exposure for the municipality is the payment of the former director's contract package for 12 months, amounting to R1,596,747 (2020: R1,596,747).

#### Arbitration cases

The municipality has 6 ongoing arbitration cases, which varies in circumstances. The maximum exposure for the municipality amounts to R143,050 (2020: R902,910).

#### VAT - Library Grant

The municipality has submitted a request for a non-binding private opinion to the South African Revenue Service (SARS) concerning the output tax treatment of the library funding received from the Western Cape Department of Cultural Affairs (DCAS). The objective of the opinion request is for the SARS to confirm if the municipality must declare output tax at 15% (14% before 1 April 2018) or zero % on the funding received from the DCAS. At the date of these financial statements, the municipality is awaiting the outcome of their non-binding private opinion request to the SARS. If the SARS non-binding private opinion outcome is negative, the output tax payable (including penalties and interest) by the municipality to the SARS as of 30 June 2021 will be R 17,134,074 (2020: R 13,878,051).

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### 60. Contingent liabilities (continued)

### 61. Contingent assets

#### Neil Lyners & Associates CC

Claim of R300,000 (2020: R300,000) for damages during installation of Civil Infrastructure services under contract CES9/2011 Siyahhlala. Formal letter of demand was served on the Respondent dated 22/07/2015. Summons was issued. Awaiting a date to appear before a supervising Judge to prepare for trial. Matter still in progress.

#### Insurance Claim - Parys Substation fire

A dispute with the insured underwriter with regards to the amount of the insurance claim to be paid out by the insurance company, and the uncertainty on the claim amount to be paid out, no provision could be made in the 2018/19 Capital Adjustment Budget in February 2019. The claim is estimated at R24,394,037 (2020: R24,394,037).

### 62. Reporting against the framework for schedule 4 of DORA allocations

Submit project registrations and detail project implementation plans before the prescribed due dates. Department of Provincial and Local Government is monitoring the overall programme implementation.

### 63. Registered IUDG programme

2020/2021	Received	Expenditure	Unspent
Upgrading of parks and main roads	1,301,244	(1,301,244)	-
Basic services: Schoongezicht emergency	3,557,203	(3,557,203)	-
Upgrade of cemetery	782,345	(782,345)	-
Upgrade swimming pools	5,501,275	(5,501,275)	-
Development of De Kraal sport complex	4,355,665	(4,355,665)	-
Dal Sports Stadium: upgrading facility	497,009	(497,009)	-
Water meters and connections Amstelhof	1,000,000	(1,000,000)	-
Upgrading own rental stock	577,930	(577,930)	-
Schoongezicht electrification	4,499,999	(4,499,999)	-
Drommedaris housing electrification	234,179	(234,179)	-
Kingston / Lantana street lights	899,998	(899,998)	-
Lantana housing sewer manholes	299,109	(299,109)	-
Schoongezicht boundary wall	1,262,708	(1,262,708)	-
Digger loader waste management vehicles	1,436,380	(1,436,380)	-
Replace / upgrade water reticulation system	5,063,653	(5,063,653)	-
Extension of basic services: informal settlements	1,000,000	(1,000,000)	-
Replace / upgrade sewerage systems Paarl	6,737,474	(6,737,474)	-
Upgrading of areas around Paarl East aprons	3,922,820	(3,922,820)	-
Reseal of streets /road network (Paarl West)	4,013,163	(4,013,163)	-
Upgrading of sidewalks	4,848,264	(4,848,264)	-
Replacement: Dal Wes substation	2,899,993	(2,899,993)	-
Maintenance of buildings & facilities	2,500,000	(2,500,000)	-
Software licences	736,589	(736,589)	-
	<b>57,927,000</b>	<b>(57,927,000)</b>	<b>-</b>



# Drakenstein Municipality

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63. Registered IUDG programme (continued)			
2019/2020	Received	Expenditure	Unspent
Saron: bulk water pipe replacement (IUDG)	8,568,702	(8,568,702)	-
Saron: bulk storage & water treatment (IUDG)	2,075,687	(2,075,687)	-
Replace / upgrade water reticulation system (IUDG)	12,780,421	(12,780,421)	-
Replace / upgrade sewerage systems Paarl (IUDG)	5,684,236	(5,684,236)	-
Reseal of streets /road network (Paarl/West) (IUDG)	11,155,078	(11,155,078)	-
Upgrading of areas around Paarl east ren(IUDG)	5,368,663	(5,368,663)	-
Boreholes infrastructure	3,255,340	(3,255,340)	-
Software licences and maintenance	161,873	(161,873)	-
	49,050,000	(49,050,000)	-

### 64. Going concern

In terms of the accounting standard GRAP 1, paragraphs 27 to 30, the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality has a constitutional mandate to levy property rates and service charges to enable the municipality to be considered as a going concern even though the municipality will be operational over the short to medium term in a state where liquidity will be under pressure.

To improve liquidity, the municipality has introduced a revenue management, expenditure management and cost containment programme including an exercise to restructure existing long-term external loans. For the 2021/22 budget the operating and capital expenditure budget was reduced considerably, even before the onset of the COVID-19 pandemic. The municipality has made substantial investments in revenue generating infrastructure over the past five years that created capacity for development and growth. The municipality do have a stable and growing revenue base, although slower than projected five years ago.

The municipality has not defaulted on payment of creditors. By sustaining a revenue collection rate above 95%, the municipality do have the ability to operate as a going concern and to continue rendering services to its community.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 65. Principal and agent arrangements

#### Agent arrangements: Traffic services

##### Agent for the Western Cape Department of Transport and Public Works

The municipality acts as agent for the Western Cape Department of Transport and Public Works, where it provides motor vehicle registration and licenses services on behalf of the Western Cape Department of Transport and Public Works.

#### Reconciliation of amounts payable to the WC Department of Transport and Public Works

Balance at beginning of year	429,781	1,935,689
Revenue received on behalf of principal (incl. commission)	105,023,031	86,462,553
Revenue recognised by municipality as agency fee *	(20,111,698)	(16,177,657)
Revenue paid over to the principal	(85,280,044)	(71,790,804)

\* VAT included

<b>61,070</b>	<b>429,781</b>
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##### Agent for the National Department of Justice

The municipality acts as agent for the National Department of Justice, where it collects Contempt of court fines imposed for non-appearance in court of traffic fine offenders. The municipality does not derive any revenue from this functions.

#### Reconciliation of amounts payable to the Department of Justice

Balance at beginning of year	454,300	430,300
Revenue received on behalf of principal	240,600	368,700
Revenue paid over to the principal	(258,000)	(344,700)
	<u>436,900</u>	<u>454,300</u>

#### Principal arrangements: Traffic services

##### Issuing of traffic fines

The municipality has a service provider TMT (2020: TMT) who acts as agent for the municipality with the issuing of traffic fines. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

Amounts remitted, but not received at year-end	-	-
Commission received by the agent	4,562,168	2,277,874

#### Principal arrangements: Financial Services

##### Agent for the Drakenstein Municipality

The municipality has a service provider EasyPay (2020: EasyPay) who acts as agent for the municipality with the 3rd party collection of debtor payments. All payments are paid directly to the municipality and the service provider invoices the municipality for commission payable.

Amounts remitted, but not received at year-end	757,260	748,678
Commission received by the agent	3,385,597	2,128,707

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>65. Principal and agent arrangements (continued)</b>		
<b>Principal arrangements: Financial Services</b>		
<b>Agent for the Drakenstein Municipality</b>		
The municipality has a service provider ONTEC who acts as agent for the municipality with the sale of prepaid electricity and water. All payments are received directly by the municipality and the service provider invoices the municipality for commission payable. No penalties are payable if the contract with the agent is terminated.		
Amounts remitted, but not received at year-end	4,396,326	3,392,811
Commission received by the agent	8,179,388	7,815,846
<b>66. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance</b>		
<b>Net surplus/(deficit) per the statement of financial performance</b>		
Basis differences		101,327,442
<b>Revenue By Source</b>		
Property rates		-
Property rates - penalties & collection charges (Surcharges and Taxes*)		(1,060,460)
Service charges - electricity revenue		(1,221,112,687)
Service charges - water revenue		(150,466,867)
Service charges - sanitation revenue		(121,448,846)
Service charges - refuse revenue		(125,627,466)
Service Charges *		1,627,177,095
Availability charges		(8,521,229)
Rental of facilities and equipment (Rental of Fixed Assets*)		(5,190,131)
Finance income and Dividends*		(7,084,610)
Licences and permits		(20,628,984)
Fines		(128,602,941)
Transfers recognised - operational / (Transfers and Subsidies*)		(163,328,769)
Other revenue (Operational Revenue (Exchange)*)		180,210,890
Operational Revenue ( Non - Exchange)*		(8,798,882)
Sale of Goods and Rendering of Services*		(11,062,870)
Construction contract revenue		(3,830,730)
<b>Total</b>		<b>(169,377,487)</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
<b>66. Reconciliation of budget surplus/(deficit) with surplus/(deficit) with Statement of Financial Performance (continued)</b>		
<b>Expenditure By Type</b>		
Employee related costs		3,444,760
Remuneration of councillors (Councillor Related Cost *)		-
Impairment losses on financial assets		175,487,278
Depreciation & asset impairment (Depreciation and Amortisation *)		246,328
Impairment Losses		(246,328)
Finance charges (Interest paid *)		-
Materials and Bulk purchases		(881,455,510)
Bulk Purchases *		828,326,127
Contracted services		147,688,667
Transfers and grants (Transfers and Subsidies : Operational Exp*)		-
Other expenditure (Operational Expenditure*)		(354,476,921)
Inventory consumed*		53,129,383
Operating Leases*		18,956,120
Loss on disposal of PPE (Gains /(losses) on disposal of PPE, IA, IP & HA*)		2,319,202
<b>Total</b>		<b>(6,580,894)</b>
<b>Surplus/(Deficit)</b>		
Transfers recognised - capital		175,958,381
Timing differences		-
Entity differences		-
<b>Net surplus/deficit per statement of budget comparison</b>		<b>101,327,442</b>

\* - Statement of Financial Performance classifications

Budget basis differences mainly relate to Revenue from Housing Grants and the related Housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounting to R 429,953 and other differences, where items such as gains and losses are linked to expenditure budget items, as opposed to the actual nature per GRAP. The mSCOA tables and the format of the Budget Schedules as issued by National Treasury are not yet fully aligned to the Standards of GRAP and this is therefore the reason for the disparity in classifications between the 2019/20 Budget and GRAP Annual Financial Statements.

### 67. Budget information

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

#### Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Drakenstein Municipality as approved by Council.

Explanation of variances greater than 10%: Final Budget and Actual Amounts.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand	2021	2020
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### 67.1. Capital expenditure and Cash flow

#### Capital expenditure and fund source

- The underspending on CRR funded projects is mainly due to the upgrading of Oosbosch street. One of the main challenges is weather delays, resulting in the project running behind schedule.

#### Net cash from (used) financing

- Increase in consumer deposits due to an increase in deeds registrations, that were delayed due to impact of COVID-19.

### 67.2. Statement of financial performance

#### Revenue

- *Investment revenue*  
Due to the impact of COVID-19 on the interest rates, less interest was received on our investments, thus interest earned - external investments are less than expected.

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 68. Segment information

Segment surplus or deficit, assets and liabilities

By Department

2021

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Revenue</b>											
Services charges - Electricity	-	-	-	-	-	1,222,752,399	-	-	-	-	1,222,752,399
Services charges - Water	-	-	-	-	-	152,068,098	-	-	-	-	152,068,098
Services charges - Waste water management	-	-	-	-	-	123,949,292	-	-	-	-	123,949,292
Services charges - Waste management	-	-	-	-	-	128,407,304	-	-	-	-	128,407,304
Sales of goods and rendering of services	-	-	1,145,301	4,551,523	5,106,851	259,198	-	-	-	-	11,062,873
Rental from fixed assets	-	(11,409,897)	-	184,347	14,405,295	2,010,385	-	-	-	-	5,190,130
Interests on investments	-	5,222,733	(7,560)	-	-	-	-	-	-	-	5,215,173
Dividends	-	-	7,560	-	-	-	-	-	-	-	7,560
Interest on receivables	-	-	8,497	-	-	7,076,112	-	-	-	-	7,084,609
Operational revenue - Exchange revenue	-	6,400,183	471,944	119,681	1,708,935	3,310,868	-	-	-	-	12,011,611
Operational revenue - Non-exchange revenue	-	8,798,882	-	-	-	-	-	-	-	-	8,798,882
Licences or permits	-	-	-	7,388	20,615,573	6,025	-	-	-	-	20,628,986
Property rates	-	343,711,355	-	-	-	-	-	-	-	-	343,711,355
Surcharges and taxes	-	1,060,460	-	-	-	-	-	-	-	-	1,060,460
Fines, penalties and forfeits	-	-	-	172,233	128,083,946	346,763	-	-	-	-	128,602,942
Transfers and subsidies	-	69,906,115	716,797	2,853,688	34,095,783	288,787,822	-	204,442	-	-	396,564,647
Construction contract revenue	-	-	-	-	3,830,730	-	-	-	-	-	3,830,730
<b>Total segment revenue</b>	-	<b>423,689,831</b>	<b>2,342,539</b>	<b>7,888,860</b>	<b>207,847,113</b>	<b>1,928,974,266</b>	-	<b>204,442</b>	-	-	<b>2,570,947,051</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 68. Segment information (continued)

	Office of the City Manager	Financial Services	Corporate Services	Planning and Development	Community Services	Engineering Services	Department of Chief Audit Executive	Department of Risk And Compliance	Department of IDP And PMS	Department of Communication	Total
<b>Expenditure</b>											
Employee related cost	4,033,440	71,979,279	92,322,089	42,611,704	221,949,202	264,145,495	8,129,537	1,858,942	4,837,513	2,850,709	714,717,910
Remuneration of councillors	-	-	31,101,146	-	-	-	-	-	-	-	31,101,146
Depreciation and amortisation	117,826	2,931,156	4,093,858	275,102	45,587,833	174,390,599	21,969	7,681	31,985	23,732	227,481,741
Impairment losses on financial assets	-	3,382,241	-	-	110,047,591	62,057,447	-	-	-	-	175,487,279
Impairment losses on PPE, IA and HA	-	-	-	-	-	(246,328)	-	-	-	-	(246,328)
Finance costs	-	233,235	260,524	-	5,322,112	174,014,932	-	-	-	-	179,830,803
Bulk purchases	-	-	-	-	-	828,326,127	-	-	-	-	828,326,127
Inventory consumed	45,931	1,264,021	1,103,757	552,835	10,488,772	39,565,850	53,151	9,925	13,672	31,463	53,129,377
Contracted services	22,089	4,945,581	9,033,350	770,137	65,598,534	65,722,166	493,280	226,620	716,008	160,909	147,688,674
Transfers and subsidies	-	-	1,502,619	2,480,593	4,457,105	-	-	-	-	93,842	8,534,159
Operational cost	8,119	27,142,467	20,228,905	204,967	3,922,965	29,462,404	22,905	6,595	115,325	1,178,768	82,293,420
Operating leases	-	12,280	2,818,123	82,657	250,548	15,789,733	2,780	-	-	-	18,956,121
Fair value and loss on disposal adjustment of assets	-	56,810	22,591	-	1,534,954	704,846	-	-	-	-	2,319,201
<b>Total segment expenditure</b>	<b>4,227,405</b>	<b>111,947,070</b>	<b>162,486,962</b>	<b>46,977,995</b>	<b>469,159,616</b>	<b>1,653,933,271</b>	<b>8,723,622</b>	<b>2,109,763</b>	<b>5,714,503</b>	<b>4,339,423</b>	<b>2,469,619,630</b>
<b>Sub-total</b>	<b>(4,227,405)</b>	<b>311,742,761</b>	<b>(160,144,423)</b>	<b>(39,089,135)</b>	<b>(261,312,503)</b>	<b>275,040,995</b>	<b>(8,723,622)</b>	<b>(1,905,321)</b>	<b>(5,714,503)</b>	<b>(4,339,423)</b>	<b>101,327,421</b>
<b>Internal charges</b>											
OC : Municipal services	-	191,879	-	-	28,671,792	38,445,069	-	-	-	-	67,308,740
OC : Municipal services (Income)	-	-	-	-	-	(67,308,740)	-	-	-	-	(67,308,740)
<b>Total segment internal charges</b>	<b>-</b>	<b>191,879</b>	<b>-</b>	<b>-</b>	<b>28,671,792</b>	<b>(28,863,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(4,227,405)</b>	<b>311,934,640</b>	<b>(160,144,423)</b>	<b>(39,089,135)</b>	<b>(232,640,711)</b>	<b>246,177,324</b>	<b>(8,723,622)</b>	<b>(1,905,321)</b>	<b>(5,714,503)</b>	<b>(4,339,423)</b>	<b>101,327,421</b>

# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

### Figures in Rand

#### 68. Segment information (continued)

By GFS

2021

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Revenue</b>															
Services charges - Electricity	-	-	-	-	-	-	-	-	-	-	1,222,752,399	-	-	-	1,222,752,399
Services charges - Water	-	-	-	-	-	-	-	-	-	-	-	-	152,068,098	-	152,068,098
Services charges - Waste water management	-	-	-	-	-	-	-	-	1,567,143	-	-	-	-	122,382,149	123,949,292
Services charges - Waste management	-	-	-	-	-	-	-	-	-	-	-	128,407,304	-	-	128,407,304
Sales of goods and rendering of services	1,145,301	27,898	-	3,962,704	1,120,084	-	-	4,547,688	22,895	-	-	-	-	236,303	11,062,873
Rental from fixed assets	-	(9,325,398)	-	242,588	103,675	1,087	14,048,781	119,749	-	-	(352)	-	-	-	5,190,130
Interests on investments	(7,560)	5,222,733	-	-	-	-	-	-	-	-	-	-	-	-	5,215,173
Dividends	7,560	-	-	-	-	-	-	-	-	-	-	-	-	-	7,560
Interest on receivables	8,497	-	-	-	-	-	-	-	-	-	1,455,177	1,909,173	2,532,868	1,178,894	7,084,609
Operational revenue - Exchange revenue	471,241	8,785,518	-	45,912	964,748	566,595	1,559	117,491	529,892	-	21,500	-	480,919	26,236	12,011,611
Licences or permits	-	7,388	-	-	30,296	20,585,277	-	-	-	-	-	-	6,025	-	20,628,986
Property rates	-	343,711,355	-	-	-	-	-	-	-	-	-	-	-	-	343,711,355
Surcharges and taxes	-	1,060,460	-	-	-	-	-	-	-	-	-	-	-	-	1,060,460
Fines, penalties and forfeits	-	-	-	22,283	-	128,061,663	-	172,233	-	-	346,763	-	-	-	128,602,942
Transfers and subsidies	11,619	95,179,123	-	1,575,000	1,000,000	460,000	12,573,151	4,829,589	57,247,999	-	77,596,315	53,215,040	16,331,845	76,544,966	396,564,647
Operational revenue - Non-exchange revenue	-	8,798,882	-	-	-	-	-	-	-	-	-	-	-	-	8,798,882
Construction contract revenue	-	-	-	-	-	-	3,830,730	-	-	-	-	-	-	-	3,830,730
<b>Total segment revenue</b>	<b>1,636,658</b>	<b>453,467,959</b>	<b>-</b>	<b>5,848,487</b>	<b>3,218,803</b>	<b>149,674,622</b>	<b>30,454,221</b>	<b>9,786,750</b>	<b>59,367,929</b>	<b>-</b>	<b>1,302,171,802</b>	<b>183,531,517</b>	<b>171,419,755</b>	<b>200,368,548</b>	<b>2,570,947,051</b>



# Drakenstein Municipality

Audited Annual Financial Statements for the year ended 30 June 2021

## Notes to the Audited Annual Financial Statements

Figures in Rand

### 68. Segment information (continued)

	Executive and Council	Finance and Administration	Internal Audit	Community and Social Services	Sport and Recreation	Public Safety	Housing	Planning and Development	Road Transport	Environmental Protection	Energy Sources	Waste Management	Water Management	Waste Water Management	Total
<b>Expenditure</b>															
Employee related cost	68,373,274	206,517,126	8,129,537	26,020,851	46,191,310	70,737,662	26,119,367	57,299,850	42,893,260	1,658,762	58,124,624	33,032,261	25,658,103	43,961,923	714,717,910
Remuneration of councillors	31,101,146	-	-	-	-	-	-	-	-	-	-	-	-	-	31,101,146
Depreciation and amortisation	510,081	29,038,597	21,969	4,089,718	7,007,207	303,485	29,972,030	198,079	47,794,149	-	44,882,437	8,636,073	33,960,490	21,067,426	227,481,741
Impairment losses on financial assets	-	3,382,241	-	-	-	108,297,890	1,749,701	-	-	-	17,916,153	16,493,426	20,214,740	7,433,128	175,487,279
Impairment losses on PPE, IA and HA	-	(246,328)	-	-	-	-	-	-	-	-	-	-	-	-	(246,328)
Finance costs	-	19,456,068	-	-	-	260,522	4,801,066	-	28,527,246	-	67,088,950	6,792,205	10,662,826	42,241,920	179,830,803
Bulk purchases	-	-	-	-	-	-	-	-	-	-	814,164,141	-	14,161,986	-	828,326,127
Inventory consumed	153,402	24,013,539	53,151	2,829,510	2,188,732	1,045,950	4,036,198	334,849	2,910,251	-	8,958,229	2,942,752	2,210,949	1,451,865	53,129,377
Contracted services	5,730,417	29,199,541	493,280	1,968,051	3,700,572	40,627,113	18,840,209	783,008	6,850,440	-	13,152,145	7,968,464	7,130,681	11,244,753	147,688,674
Transfers and subsidies	1,686,034	2,178,665	-	104,875	3,400,000	952,230	212,355	-	-	-	-	-	-	-	8,534,159
Operational cost	919,186	53,552,009	22,905	2,677,242	453,570	474,743	146,566	1,515,367	636,307	-	10,658,832	10,784,501	161,847	290,345	82,293,420
Operating leases	-	8,823,306	2,780	105,258	145,290	-	-	59,122	2,793,990	-	4,240,839	2,692,513	-	93,023	18,956,121
Fair value and loss on disposal adjustment of assets	-	(3,595,727)	-	4,938	32	1,528,794	35	-	-	-	2,803,724	-	193,147	1,384,258	2,319,201
<b>Total segment expenditure</b>	<b>108,473,540</b>	<b>372,319,037</b>	<b>8,723,622</b>	<b>37,800,443</b>	<b>63,086,713</b>	<b>224,228,389</b>	<b>85,877,527</b>	<b>60,190,275</b>	<b>132,405,643</b>	<b>1,658,762</b>	<b>1,041,990,074</b>	<b>89,342,195</b>	<b>114,354,769</b>	<b>129,168,641</b>	<b>2,469,619,630</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(106,836,882)</b>	<b>81,148,922</b>	<b>(8,723,622)</b>	<b>(31,951,956)</b>	<b>(59,867,910)</b>	<b>(74,553,767)</b>	<b>(55,423,306)</b>	<b>(50,403,525)</b>	<b>(73,037,714)</b>	<b>(1,658,762)</b>	<b>260,181,728</b>	<b>94,189,322</b>	<b>57,064,986</b>	<b>71,199,907</b>	<b>101,327,421</b>
<b>Internal charges</b>															
OC : Municipal services	-	3,031,262	-	1,269,249	17,657,333	220,080	8,113,402	-	6,082,968	-	8,319,003	263,631	6,561,062	15,790,749	67,308,739
OC : Municipal services (Income)	-	-	-	-	-	-	-	-	-	-	(45,852,573)	(5,669,729)	(13,935,791)	(1,850,646)	(67,308,739)
<b>Total segment internal charges</b>	<b>-</b>	<b>3,031,262</b>	<b>-</b>	<b>1,269,249</b>	<b>17,657,333</b>	<b>220,080</b>	<b>8,113,402</b>	<b>-</b>	<b>6,082,968</b>	<b>-</b>	<b>(37,533,570)</b>	<b>(5,406,098)</b>	<b>(7,374,729)</b>	<b>13,940,103</b>	<b>-</b>
<b>Total segment (Surplus) / Deficit</b>	<b>(106,836,882)</b>	<b>84,180,184</b>	<b>(8,723,622)</b>	<b>(30,682,707)</b>	<b>(42,210,577)</b>	<b>(74,333,687)</b>	<b>(47,309,904)</b>	<b>(50,403,525)</b>	<b>(66,954,746)</b>	<b>(1,658,762)</b>	<b>222,648,158</b>	<b>88,783,224</b>	<b>49,690,257</b>	<b>85,140,010</b>	<b>101,327,421</b>

**Drakenstein Municipality**

**Appendix A**

**Schedule of external loans as at 30 June 2021**

External Loans	Interest Rate %	Loan Number	Redeemable Date	Balance at 30 June 2020 Rand	Redeemed/ written off during the period Rand	Balance at 30 June 2021 Rand
<b>Annuity and other loans</b>						
DBSA	10.734 %	61007616	2037	962,981,450	-	962,981,450
NEDBANK	10.640 %	7831030646-0002	2021	11,202,976	11,202,976	-
NEDBANK	11.480 %	7831030646-0011	2029	198,701,741	-	198,701,741
STANDARD BANK	11.440 %	0053-7722	2028	433,066,762	-	433,066,762
STANDARD BANK	10.260 %	0055-5136	2021	1,541,175	1,541,175	-
STANDARD BANK	10.970 %	0053-8368	2028	30,149,419	-	30,149,419
STANDARD BANK	9.680 %	0053-7738	2022	2,090,941	996,093	1,094,848
STANDARD BANK	9.630 %	0053-7745	2021	1,929,035	1,929,035	-
STANDARD BANK	9.870 %	0053-7565	2023	9,125,229	2,753,697	6,371,532
STANDARD BANK	9.840 %	0053-1097	2024	5,850,001	1,258,871	4,591,130
				<b>1,656,638,729</b>	<b>19,681,847</b>	<b>1,636,956,882</b>

# Drakenstein Municipality

## Appendix B1

### Reconciliation of Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)

Description	2021/2020										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
<b>Revenue - Standard</b>											
<b>Governance and administration</b>	<b>382,744,417</b>	<b>31,324,754</b>	<b>414,069,171</b>	-		<b>414,069,171</b>	<b>461,685,511</b>		<b>47,616,340</b>	<b>111 %</b>	<b>121 %</b>
Executive and council	392,424	200,423	592,847	-		592,847	1,636,659		1,043,812	276 %	417 %
Finance and administration	382,351,993	31,124,331	413,476,324	-		413,476,324	460,048,852		46,572,528	111 %	120 %
<b>Community and public safety</b>	<b>224,060,876</b>	<b>(24,808,416)</b>	<b>199,252,460</b>	-		<b>199,252,460</b>	<b>189,196,131</b>		<b>(10,056,329)</b>	<b>95 %</b>	<b>84 %</b>
Community and social services	4,106,062	1,187,000	5,293,062	-		5,293,062	5,848,486		555,424	110 %	142 %
Sport and recreation	6,631,802	-	6,631,802	-		6,631,802	3,218,802		(3,413,000)	49 %	49 %
Public safety	99,262,115	57,827,931	157,090,046	-		157,090,046	149,674,621		(7,415,425)	95 %	151 %
Housing	114,060,897	(83,823,347)	30,237,550	-		30,237,550	30,454,222		216,672	101 %	27 %
<b>Economic and environmental services</b>	<b>77,851,341</b>	<b>4,358,649</b>	<b>82,209,990</b>	-		<b>82,209,990</b>	<b>69,154,678</b>		<b>(13,055,312)</b>	<b>84 %</b>	<b>89 %</b>
Planning and development	5,001,769	4,358,649	9,360,418	-		9,360,418	9,786,750		426,332	105 %	196 %
Road transport	72,849,572	-	72,849,572	-		72,849,572	59,367,928		(13,481,644)	81 %	81 %
<b>Trading services</b>	<b>1,914,712,564</b>	<b>(757,775)</b>	<b>1,913,954,789</b>	-		<b>1,913,954,789</b>	<b>1,857,491,624</b>		<b>(56,463,165)</b>	<b>97 %</b>	<b>97 %</b>
Energy sources	1,335,520,584	13,829,564	1,349,350,148	-		1,349,350,148	1,302,171,803		(47,178,345)	97 %	98 %
Water management	188,366,841	(5,778,496)	182,588,345	-		182,588,345	171,419,757		(11,168,588)	94 %	91 %
Waste water management	206,665,892	(6,634,781)	200,031,111	-		200,031,111	200,368,548		337,437	100 %	97 %
Waste management	184,159,247	(2,174,062)	181,985,185	-		181,985,185	183,531,516		1,546,331	101 %	100 %
<b>Total Revenue - Standard</b>	<b>2,599,369,198</b>	<b>10,117,212</b>	<b>2,609,486,410</b>	-		<b>2,609,486,410</b>	<b>2,577,527,944</b>		<b>(31,958,466)</b>	<b>99 %</b>	<b>99 %</b>
<b>Expenditure - Standard</b>											
<b>Governance and administration</b>	<b>485,917,776</b>	<b>27,189,707</b>	<b>513,107,483</b>	-	<b>(35,738)</b>	<b>513,071,745</b>	<b>496,097,089</b>	-	<b>(16,974,656)</b>	<b>97 %</b>	<b>102 %</b>
Executive and council	101,045,844	1,134,041	102,179,885	-	702,709	102,882,594	108,473,538	-	5,590,944	105 %	107 %
Finance and administration	377,161,406	24,965,432	402,126,838	-	(738,447)	401,388,391	378,899,928	-	(22,488,463)	94 %	100 %
Internal audit	7,710,526	1,090,234	8,800,760	-	-	8,800,760	8,723,623	-	(77,137)	99 %	113 %
<b>Community and public safety</b>	<b>423,241,092</b>	<b>(3,727,946)</b>	<b>419,513,146</b>	-	<b>1,427,075</b>	<b>420,940,221</b>	<b>410,993,062</b>	-	<b>(9,947,159)</b>	<b>98 %</b>	<b>97 %</b>
Community and social services	44,977,245	(8,590,246)	36,386,999	-	(738,660)	35,648,339	37,800,443	-	2,152,104	106 %	84 %
Sport and recreation	81,302,290	(13,423,705)	67,878,585	-	(1,592,244)	66,286,341	63,086,705	-	(3,199,636)	95 %	78 %
Public safety	165,963,200	62,624,138	228,587,338	-	4,596,244	233,183,582	224,228,388	-	(8,955,194)	96 %	135 %
Housing	130,998,357	(44,338,133)	86,660,224	-	(838,265)	85,821,959	85,877,526	-	55,567	100 %	66 %
<b>Economic and environmental services</b>	<b>195,472,963</b>	<b>1,995,933</b>	<b>197,468,896</b>	-	<b>(759,464)</b>	<b>196,709,432</b>	<b>194,254,678</b>	-	<b>(2,454,754)</b>	<b>99 %</b>	<b>99 %</b>
Planning and development	61,292,295	(1,303,010)	59,989,285	-	(608,580)	59,380,705	60,190,276	-	809,571	101 %	98 %
Road transport	133,263,045	2,651,936	135,914,981	-	(150,884)	135,764,097	132,405,640	-	(3,358,457)	98 %	99 %
Environmental protection	917,623	647,007	1,564,630	-	-	1,564,630	1,658,762	-	94,132	106 %	181 %
<b>Trading services</b>	<b>1,409,904,007</b>	<b>(7,637,608)</b>	<b>1,402,266,399</b>	-	<b>(631,873)</b>	<b>1,401,634,526</b>	<b>1,374,855,674</b>	-	<b>(26,778,852)</b>	<b>98 %</b>	<b>98 %</b>
Energy sources	1,069,658,930	(18,360,148)	1,051,298,782	-	(3,100,000)	1,048,198,782	1,041,990,075	-	(6,208,707)	99 %	97 %
Water management	112,334,871	12,928,305	125,263,176	-	3,000,000	128,263,176	114,354,768	-	(13,908,408)	89 %	102 %
Waste water management	129,445,881	1,417,068	130,862,949	-	(31,873)	130,831,076	129,168,634	-	(1,662,442)	99 %	100 %
Waste management	98,464,325	(3,622,833)	94,841,492	-	(500,000)	94,341,492	89,342,197	-	(4,999,295)	95 %	91 %
<b>Other</b>	<b>648,583</b>	<b>(648,583)</b>	-	-	-	-	-	-	-	- %	- %
Other	648,583	(648,583)	-	-	-	-	-	-	-	- %	- %
<b>Total Expenditure - Standard</b>	<b>2,515,184,421</b>	<b>17,171,503</b>	<b>2,532,355,924</b>	-	-	<b>2,532,355,924</b>	<b>2,476,200,503</b>	-	<b>(56,155,421)</b>	<b>98 %</b>	<b>98 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>84,184,777</b>	<b>(7,054,291)</b>	<b>77,130,486</b>	-	-	<b>77,130,486</b>	<b>101,327,441</b>	-	<b>24,196,955</b>	<b>131 %</b>	<b>120 %</b>

# Drakenstein Municipality

## Appendix B2

### Reconciliation of Budgeted Financial Performance (Revenue and expenditure by Municipal Vote)

2021/2020										
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Adjusted Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Adjustments (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
<b>Revenue by Vote</b>										
Office of the City Manager	-	-	-	-	-	-	-	-	- %	- %
Financial Services	350,710,512	30,549,212	381,259,724	-	381,259,724	423,689,831	-	42,430,107	111 %	121 %
Corporate Services	1,493,424	451,830	1,945,254	-	1,945,254	2,342,540	-	397,286	120 %	157 %
Planning and Development	7,636,204	751,085	8,387,289	-	8,387,289	7,888,858	-	(498,431)	94 %	103 %
Community Services	242,661,892	(24,807,784)	217,854,108	-	217,854,108	207,847,111	-	(10,006,997)	95 %	86 %
Engineering Services	1,996,867,166	2,956,869	1,999,824,035	-	1,999,824,035	1,935,555,162	-	(64,268,873)	97 %	97 %
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	- %	- %
Department of Risk And Compliance	-	216,000	216,000	-	216,000	204,442	-	(11,558)	95 %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	-	-	-	-	-	-	-	-	- %	- %
<b>Total Revenue by Vote</b>	<b>2,599,369,198</b>	<b>10,117,212</b>	<b>2,609,486,410</b>	<b>-</b>	<b>2,609,486,410</b>	<b>2,577,527,944</b>	<b>-</b>	<b>(31,958,466)</b>	<b>99 %</b>	<b>99 %</b>
<b>Expenditure by Vote to be appropriated</b>										
Office of the City Manager	4,295,969	(10,234)	4,285,735	-	4,285,735	4,227,406	-	(58,329)	99 %	98 %
Financial Services	120,369,823	4,382,279	124,752,102	-	(200,000)	124,552,102	-	(12,605,031)	90 %	93 %
Corporate Services	156,959,154	8,786,573	165,745,727	-	430,776	166,176,503	-	(3,689,543)	98 %	104 %
Planning and Development	49,846,139	(1,097,602)	48,748,537	-	(1,181,144)	47,567,393	-	(589,402)	99 %	94 %
Community Services	468,644,793	10,425,120	479,069,913	-	1,319,285	480,389,198	-	(11,229,599)	98 %	100 %
Engineering Services	1,693,380,239	(5,991,685)	1,687,388,554	-	(166,866)	1,687,221,688	-	(26,707,527)	98 %	98 %
Department of Chief Audit Executive	7,710,526	1,090,234	8,800,760	-	-	8,800,760	-	(77,137)	99 %	113 %
Department of Risk And Compliance	2,376,527	(182,178)	2,194,349	-	-	2,194,349	-	(84,587)	96 %	89 %
Department of IDP And PMS	6,168,036	159,772	6,327,808	-	-	6,327,808	-	(613,302)	90 %	93 %
Department of Communication	5,433,215	(390,776)	5,042,439	-	(202,051)	4,840,388	-	(500,965)	90 %	80 %
<b>Total Expenditure by Vote</b>	<b>2,515,184,421</b>	<b>17,171,503</b>	<b>2,532,355,924</b>	<b>-</b>	<b>-</b>	<b>2,532,355,924</b>	<b>-</b>	<b>(56,155,422)</b>	<b>98 %</b>	<b>98 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>84,184,777</b>	<b>(7,054,291)</b>	<b>77,130,486</b>	<b>-</b>	<b>77,130,486</b>	<b>101,327,442</b>	<b>-</b>	<b>24,196,956</b>	<b>131 %</b>	<b>120 %</b>

## Drakenstein Municipality

### Appendix B3

#### Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

	2021/2020										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Capital expenditure - Vote											
Multi-year expenditure											
Office of the City Manager	-	-	-	-	-	-	-	-	-	- %	- %
Financial Services	-	-	-	-	-	-	-	-	-	- %	- %
Corporate Services	571,294	24,941	596,235	-	(1,904)	594,331	594,330	-	(1)	100 %	104 %
Planning and Development	-	-	-	-	-	-	-	-	-	- %	- %
Community Services	27,126,292	(7,704,370)	19,421,922	-	(355,497)	19,066,425	18,347,511	-	(718,914)	96 %	68 %
Engineering Services	139,778,390	(36,092,173)	103,686,217	-	(2,161,127)	101,525,090	101,007,539	-	(517,551)	99 %	72 %
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	-	- %	- %
Department of Risk And Compliance	-	-	-	-	-	-	-	-	-	- %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	-	21,154	21,154	-	(4,023)	17,131	17,130	-	(1)	100 %	- %
Capital multi-year expenditure sub-total	167,475,976	(43,750,448)	123,725,528	-	(2,522,551)	121,202,977	119,966,510	-	(1,236,467)	99 %	72 %
Single-year expenditure											
Office of the City Manager	-	21,475	21,475	-	-	21,475	21,475	-	-	100 %	- %
Financial Services	2,082,860	(1,274,990)	807,870	-	(139,458)	668,412	517,709	-	(150,703)	77 %	25 %
Corporate Services	1,896,000	2,795,228	4,691,228	-	(448,669)	4,242,559	3,926,607	-	(315,952)	93 %	207 %
Planning and Development	-	185,000	185,000	-	(24,417)	160,583	160,583	-	-	100 %	- %
Community Services	8,305,054	20,136,301	28,441,355	-	585,957	29,027,312	27,621,029	-	(1,406,283)	95 %	333 %
Engineering Services	37,212,543	43,972,062	81,184,605	-	2,549,722	83,734,327	69,431,128	-	(14,303,199)	83 %	187 %
Department of Chief Audit Executive	-	-	-	-	-	-	-	-	-	- %	- %
Department of Risk And Compliance	-	2,000	2,000	-	(584)	1,416	1,416	-	-	100 %	- %
Department of IDP And PMS	-	-	-	-	-	-	-	-	-	- %	- %
Department of Communication	-	-	-	-	-	-	-	-	-	- %	- %
Capital single-year expenditure sub-total	49,496,457	65,837,076	115,333,533	-	2,522,551	117,856,084	101,679,947	-	(16,176,137)	86 %	205 %
Total Capital Expenditure - Vote	216,972,433	22,086,628	239,059,061	-	-	239,059,061	221,646,457	-	(17,412,604)	93 %	102 %

# Drakenstein Municipality

## Appendix B3

### Reconciliation of Budgeted Capital Expenditure by Vote, Standard Classification and Funding

	2021/2020										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustments Budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%
Capital Expenditure - Standard											
Governance and administration	7,012,996	1,735,600	8,748,596	-	(1,477,756)	7,270,840	6,735,755	-	(535,085)	93 %	96 %
Executive and council	120,000	213,345	333,345	-	(43,358)	289,987	289,986	-	(1)	100 %	242 %
Finance and administration	6,892,996	1,522,255	8,415,251	-	(1,434,398)	6,980,853	6,445,769	-	(535,084)	92 %	94 %
Internal audit	-	-	-	-	-	-	-	-	-	- %	- %
Community and public safety	35,311,346	12,300,113	47,611,459	-	228,252	47,839,711	45,714,516	-	(2,125,195)	96 %	129 %
Community and social services	5,000,000	(4,191,000)	809,000	-	(26,655)	782,345	782,344	-	(1)	100 %	16 %
Sport and recreation	17,876,455	3,623,043	21,499,498	-	142,869	21,642,367	20,965,142	-	(677,225)	97 %	117 %
Public safety	3,747,600	(1,314,560)	2,433,040	-	(580,693)	1,852,347	1,533,969	-	(318,378)	83 %	41 %
Housing	8,687,291	14,182,630	22,869,921	-	692,731	23,562,652	22,433,061	-	(1,129,591)	95 %	258 %
Health	-	-	-	-	-	-	-	-	-	- %	- %
Economic and environmental services	87,544,552	6,853,340	94,397,892	-	(170,622)	94,227,270	73,755,722	-	(20,471,548)	78 %	84 %
Planning and development	150,000	10,000	160,000	-	(5,695)	154,305	154,305	-	-	100 %	103 %
Road transport	87,394,552	6,843,340	94,237,892	-	(164,927)	94,072,965	73,601,417	-	(20,471,548)	78 %	84 %
Environmental protection	-	-	-	-	-	-	-	-	-	- %	- %
Trading services	87,103,539	1,197,575	88,301,114	-	1,420,126	89,721,240	95,440,465	-	5,719,225	106 %	110 %
Energy sources	39,950,000	14,616,447	54,566,447	-	2,943,668	57,510,115	63,721,887	-	6,211,772	111 %	160 %
Water management	35,238,539	(19,116,115)	16,122,424	-	678,778	16,801,202	16,551,194	-	(250,008)	99 %	47 %
Waste water management	8,915,000	5,138,210	14,053,210	-	(1,756,154)	12,297,056	12,054,523	-	(242,533)	98 %	135 %
Waste management	3,000,000	559,033	3,559,033	-	(446,166)	3,112,867	3,112,861	-	(6)	100 %	104 %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Other	-	-	-	-	-	-	-	-	-	- %	- %
Total Capital Expenditure - Standard	216,972,433	22,086,628	239,059,061	-	-	239,059,061	221,646,458	-	(17,412,603)	93 %	102 %
Funded by:											
National Government	86,142,411	(10,903,873)	75,238,538	-		75,238,538	75,212,469		(26,069)	100 %	87 %
Provincial Government	64,929,546	1,236,712	66,166,258	-		66,166,258	65,630,344		(535,914)	99 %	101 %
District Municipality	-	-	-	-		-	-		-	- %	- %
Other transfers and grants	2,600,000	751,085	3,351,085	-		3,351,085	2,853,688		(497,397)	85 %	110 %
Transfers recognised - capital	153,671,957	(8,916,076)	144,755,881	-		144,755,881	143,696,501		(1,059,380)	99 %	94 %
Public contributions & donations	-	-	-	-		-	-		-	- %	- %
Borrowing	-	-	-	-		-	-		-	- %	- %
Internally generated funds	63,300,476	31,002,704	94,303,180	-		94,303,180	77,949,957		(16,353,223)	83 %	123 %
Total Capital Funding	216,972,433	22,086,628	239,059,061	-		239,059,061	221,646,458		(17,412,603)	93 %	102 %

**Drakenstein Municipality**
**Appendix C**
**Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003**

Description	Quarterly Receipts							Quarterly Expenditure (Capital and Operating)					
	Opening Balance 01 July 2020	Restate- ments	Restated Opening Balance 01 July 2020	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun	Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>National Government (Unconditional Grant)</b>													
G/F : EQUITABLE SHARE	-	-	-	(74,010,000)	(72,205,000)	(41,117,000)	-	(187,332,000)	44,439,802	16,039,771	48,923,817	77,928,610	187,332,000
	-	-	-	(74,010,000)	(72,205,000)	(41,117,000)	-	(187,332,000)	44,439,802	16,039,771	48,923,817	77,928,610	187,332,000
<b>National Government (Conditional Grant)</b>													
G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	-	-	-	(1,024,000)	(1,842,000)	(1,227,000)	-	(4,093,000)	-	1,024,000	-	3,069,000	4,093,000
G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	(6)	6	-	(1,550,000)	-	(380,000)	380,000	(1,550,000)	262,459	263,656	177,897	845,988	1,550,000
G/F : IUDG	-	-	-	(12,600,000)	(66,196,912)	13,173,000	7,696,912	(57,927,000)	10,555,083	11,575,230	5,587,225	30,209,462	57,927,000
G/F : IIPASAS	-	(166,569)	(166,569)	-	-	-	(2,855,499)	(3,022,068)	877,663	450,394	-	1,694,011	3,022,068
G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	639,324	-	-	(529,892)	-	529,892	-	-	-	-	-	-
G/F : ELECTRIFICATION FUNDING (INEP)	(2)	2	-	(5,000,000)	(12,000,000)	-	-	(17,000,000)	5,981,933	3,992,518	6,016,974	1,008,575	17,000,000
G/F : ELEKT DEMANDSIDE	(12,741)	-	(12,741)	-	-	-	12,741	-	-	12,741	-	(12,741)	-
G/F : WATER INFRASTRUCTURE	(5)	5	-	-	-	(4,095,000)	-	(4,095,000)	-	-	-	4,095,000	4,095,000
	(652,078)	472,768	(179,310)	(20,174,000)	(80,568,804)	7,471,000	5,764,046	(87,687,068)	17,677,138	17,318,539	11,782,096	40,909,295	87,687,068
<b>Provincial Government (Conditional Grant)</b>													
G/F : MBEKWENI THUSONG CENTRE	-	-	-	-	(150,000)	-	-	(150,000)	-	-	-	150,000	150,000
G/F : LG GRADUATE INTERNSHIP	(47,586)	47,586	-	-	-	-	-	-	-	-	-	-	-
G/F : CHICAGO	(8,500)	8,500	-	-	-	-	-	-	-	-	-	-	-
G/F : DEVELOPMENT OF SPORT AND RECREATION FACILITIES	(67,098)	67,098	-	-	-	-	-	-	-	-	-	-	-
G/F : GREENEST TOWN AWARD	(260,000)	-	(260,000)	-	-	-	-	(260,000)	-	-	-	260,000	260,000
G/F : HUMAN SETTLEMENTS	(672,000)	672,000	-	-	-	-	-	-	-	-	-	-	-
G/F : SIYASHLALA	(416,563)	-	(416,563)	(460,920)	-	-	460,920	(416,563)	-	-	-	-	(416,563)
G/F : KINGSTON / LANTANA	(316,018)	29,000	(287,018)	(422,790)	-	(590,870)	(1,383,252)	(2,683,930)	-	-	-	2,683,930	2,683,930
G/F : KINGSTON TOWN TRANSFERS	(24,000)	(29,000)	(53,000)	-	-	-	-	(53,000)	-	-	-	-	(53,000)
G/F : GOUDA	(633,924)	30,000	(603,924)	-	-	-	-	(603,924)	-	-	-	-	(603,924)
G/F : ERF 2220 (NOODKAMP)	(802,653)	6,000	(796,653)	-	-	-	-	(796,653)	-	-	-	-	(796,653)
G/F : NEW SIZAYAMA	-	-	-	-	-	-	(460,920)	(460,920)	-	-	-	-	(460,920)
G/F : P59 FAIRYLANDS INCOME	(7,502,261)	5,395,550	(2,106,711)	-	-	-	-	(2,106,711)	-	-	-	79,660	79,660
G/F : HOUSING SCHEME 49	(130,183)	130,183	-	-	-	-	-	-	-	-	-	-	-
G/F : DROMMEDARIS ST EHP	(732,415)	564,166	(168,249)	(227,000)	-	-	227,000	(168,249)	723,894	1,053,588	1,803,536	(3,581,018)	-
G/F : CARTERVILLE HOUSING PROJECT	(956,503)	-	(956,503)	-	-	-	-	(956,503)	-	-	-	-	(956,503)
G/F : 1068 HUISE WD SKENKING	(341,699)	-	(341,699)	-	-	-	-	(341,699)	-	-	-	139,555	139,555
G/F : DALJOSAPHAT TRANSFERS	(453,180)	-	(453,180)	-	-	-	-	(453,180)	-	-	-	-	(453,180)
G/F : AMSTELHOF PROJECT 35	(10,348)	-	(10,348)	-	-	-	-	(10,348)	-	-	-	-	(10,348)
G/F : MANDELA ROUTE	(15,000)	15,000	-	-	-	-	-	-	-	-	-	-	-
G/F : PAARL EAST HOUSING PROJECT	(46,687)	-	(46,687)	-	-	-	(1,138,645)	(1,185,332)	-	-	-	1,185,332	1,185,332
G/F : DROMMEDARIS ST EHP	(140,064)	-	(140,064)	-	-	-	-	(140,064)	-	-	-	-	(140,064)
G/F : DROM 181/1407 (HSDG)	-	-	-	-	-	(3,051,155)	2,652,310	(398,845)	-	-	-	-	(398,845)
G/F : ACCELERATED HOUSING	-	-	-	-	-	-	(238,000)	(238,000)	-	-	-	238,000	238,000
G/F : RSEP	-	-	-	-	-	(1,000,000)	-	(1,000,000)	-	-	-	1,000,000	1,000,000
G/F : CAPACITY BUILDING	-	-	-	-	-	-	(300,000)	(300,000)	-	-	-	-	(300,000)

**Drakenstein Municipality**
**Appendix C**
**Disclosure of Grants and Subsidies in Terms of Section 123 of the MFMA, 56 of 2003**

Description	Quarterly Receipts							Quarterly Expenditure (Capital and Operating)					
	Opening Balance 01 July 2020	Restate- ments	Restated Opening Balance 01 July 2020	Sep	Dec	Mar	Jun	Total	Sep	Dec	Mar	Jun	Total
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
G/F : TITLE DEEDS	(2,784,000)	(2,659,586)	(5,443,586)	-	-	-	-	(5,443,586)	-	-	-	-	-
G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	(383,312)	(42,166)	(425,478)	-	-	-	-	(425,478)	-	-	-	-	-
G/F : NCEDOLWETHU/CHRIS HANI	(2,000)	2,000	-	-	-	-	-	-	-	-	-	-	-
G/F : DALJOSAPAHT (PHASE 1-3)	(90,000)	90,000	-	-	-	-	-	-	-	-	-	-	-
G/F : LIBRARY SERVICES CONDITIONAL GRANT	(632)	-	(632)	(7,726,000)	(7,726,000)	-	(3,035,000)	(18,487,632)	-	8,308,833	-	10,178,799	18,487,632
G/F : FINANCIAL MANAGEMENT SUPPORT GRANT	(136,000)	-	(136,000)	-	-	-	(80,000)	(216,000)	-	19,800	-	184,642	204,442
G/F : CAPE WINELANDS	-	-	-	-	-	-	(660,000)	(660,000)	-	-	-	460,000	460,000
G/F : SERVICE DELIVERY AND CAPACITY BUILDING GRANT	35	(35)	-	-	-	-	-	-	-	-	-	-	-
G/F : SCHOONGEZIGHT	(3,074,124)	-	(3,074,124)	-	-	(3,450,000)	(3,051,155)	(9,575,279)	76,630	4,942,335	1,690,991	1,408,389	8,118,345
G/F : COMMUNITY DEVELOPMENT WORKERS	(473,931)	473,931	-	-	-	-	-	-	-	-	-	-	-
G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(343,332)	-	(343,332)	-	-	-	-	(343,332)	-	-	-	-	(343,332)
G/F : PUBLIC WORKS AND TRANSPORT (ROADS)	-	-	-	(16,057,252)	(15,612,750)	(22,256,410)	(2,585,587)	(56,511,999)	9,187,417	21,566,611	27,629,023	(1,871,052)	56,511,999
G/F : PUBLIC WORKS AND TRANSPORT (ROADS)	1,636	(1,636)	-	-	-	-	(736,000)	(736,000)	-	-	-	736,000	736,000
G/F : COMMUNITY DEVELOPMENT WORKERS	(245,872)	(106,931)	(352,803)	-	(113,000)	-	-	(465,803)	-	-	-	11,619	11,619
G/F FARM EVICTIONS	-	(234,112)	(234,112)	-	-	-	-	(234,112)	-	-	-	-	(234,112)
	<b>(21,108,214)</b>	<b>4,457,548</b>	<b>(16,650,666)</b>	<b>(24,893,962)</b>	<b>(23,601,750)</b>	<b>(30,348,435)</b>	<b>(10,328,329)</b>	<b>(105,823,142)</b>	<b>9,987,941</b>	<b>35,891,167</b>	<b>31,123,550</b>	<b>13,263,856</b>	<b>90,266,514</b>
<b>Other Grants (Unconditional Grant)</b>													
G/F : TRAINING LEVY	(1,052,407)	-	(1,052,407)	(66,312)	(19,308)	(473,400)	(456,307)	(2,067,734)	-	5,130	-	700,048	705,178
G/F : DBSA CEF	-	-	-	-	(4,000,000)	-	4,000,000	-	4,000,000	-	-	(4,000,000)	-
G/F : OR THAMBO EMERGENCY KITS	(1,815,250)	-	(1,815,250)	-	-	-	-	(1,815,250)	-	-	-	1,815,250	1,815,250
G/F : DE KRAAL	(964,748)	-	(964,748)	-	-	-	964,748	-	-	-	-	-	-
G/F : IIPSAS	-	-	-	(10,556,816)	4,000,000	-	6,556,816	-	-	-	-	-	-
G/F : FUND:PERFORMANCE MANAGMENTSYSTEM(PMS)	(300,000)	300,000	-	-	-	-	-	-	-	-	-	-	-
G/F : SIMONDIUM	(1,035,298)	1,035,298	-	-	-	-	-	-	-	-	-	-	-
G/F : CAPE WINELANDS (COVID - 19 )	(1,187,001)	-	(1,187,001)	-	-	-	-	(1,187,001)	13,967	23,294	-	1,149,740	1,187,001
G/F: VLAKKELAND	-	-	-	-	-	-	(23,940,211)	(23,940,211)	-	-	-	23,940,211	23,940,211
G/F: LE PARC ESTATE	-	-	-	-	-	-	(1,411,776)	(1,411,776)	-	-	-	1,411,776	1,411,776
G/F: JAN VAN RIEBEECK DRIVE - VLAKKELAND	-	-	-	-	-	-	(340,623)	(340,623)	-	-	-	340,623	340,623
G/F: LADY BLAKE	-	-	-	-	-	-	(28,588)	(28,588)	-	-	-	28,588	28,588
G/F: NEWTON DEVELOPMENT	-	-	-	-	-	-	(798,884)	(798,884)	-	-	-	798,884	798,884
G/F: THE ACRES	-	-	-	-	-	-	(5,570,175)	(5,570,175)	-	-	-	5,570,175	5,570,175
G/F: CHURCH STREET DEVELOPMENTS	-	-	-	-	-	-	(96,613)	(96,613)	-	-	-	96,613	96,613
	<b>(6,354,704)</b>	<b>1,335,298</b>	<b>(5,019,406)</b>	<b>(10,623,128)</b>	<b>(19,308)</b>	<b>(473,400)</b>	<b>(21,121,613)</b>	<b>(37,256,855)</b>	<b>4,013,967</b>	<b>28,424</b>	<b>-</b>	<b>31,851,908</b>	<b>35,894,299</b>
<b>Other Grants (Conditional)</b>													
G/F : NUMARKT	(1,473,171)	-	(1,473,171)	-	-	(2,625,675)	-	(4,098,846)	-	865,476	943,048	1,045,164	2,853,688
	<b>(1,473,171)</b>	<b>-</b>	<b>(1,473,171)</b>	<b>-</b>	<b>-</b>	<b>(2,625,675)</b>	<b>-</b>	<b>(4,098,846)</b>	<b>-</b>	<b>865,476</b>	<b>943,048</b>	<b>1,045,164</b>	<b>2,853,688</b>
<b>Other</b>													
G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIEN	(363,572)	-	(363,572)	-	-	-	-	(363,572)	-	-	-	-	-
	<b>(363,572)</b>	<b>-</b>	<b>(363,572)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(363,572)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(363,572)</b>
<b>Total</b>	<b>(29,951,739)</b>	<b>6,265,614</b>	<b>(23,686,125)</b>	<b>(129,701,090)</b>	<b>(176,394,862)</b>	<b>(67,093,510)</b>	<b>(25,685,896)</b>	<b>(422,561,483)</b>	<b>76,118,848</b>	<b>70,143,377</b>	<b>92,772,511</b>	<b>164,998,833</b>	<b>404,033,569</b>



## VOLUME V: 2020/2021 ANNUAL PERFORMANCE REPORT

The audited 2020/2021 Annual Performance Report will now follow for the next 29 pages. No material findings on the usefulness and reliability of the reported information were raised by the Auditor-General.



**DRAKENSTEIN**

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# Annual Performance Assessment Report

**2020/2021**

Drakenstein Municipality  
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## **1. Purpose**

The Annual Performance Report 2020/2021 is hereby submitted to the Drakenstein Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2). The report covers the performance information from 01 July 2020 to 30 June 2021 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review.

The report also reflects actual performance of the Municipality as measured against the performance indicators and targets in the IDP and SDBIP for 2020/2021. The format of the report will reflect Drakenstein Municipality's Key Performance Indicators (KPIs) per Key Performance Area (KPA). Each KPA has a number of Pre-determined Objectives (PDOs) developed to ensure that the KPAs are achieved.

This report endeavours to present to Council the Municipality's performance in terms of the five (5) National Government's Key Performance Areas (NKPAs) for Local Government, which are:

1. Basic Service Delivery;
2. Local Economic Development;
3. Municipal Institutional Transformation and Development;
4. Municipal Financial Viability and Management; and
5. Good Governance and Public Participation.

The above-mentioned NKPAs are addressed through the Drakenstein Municipality's seven (7) KPAs namely:

1. Good Governance;
2. Financial Sustainability;
3. Institutional Transformation;
4. Physical Infrastructure and Services;
5. Planning and Economic Development;
6. Safety and Environmental Management; and
7. Social and Community Development.

## **2. Legislative Requirements**

This Annual Performance Report complies with the requirements of section 46(1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates the following:

A municipality must prepare for each financial year a performance report reflecting:

- “The performance of the municipality and each external service provider during that financial year;
- A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
- Measures taken to improve performance”.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that “A Municipality’s Performance Management System entails a framework that describes and represents how the Municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players.” Performance Management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation, external service providers and municipal entities.

## **3. Municipal Overview**

The Drakenstein Municipality forms part of the Cape Winelands District Municipality (additionally including Stellenbosch, Breede Valley, Witzenberg and Langeberg municipalities that are classified as Category B municipalities). The Drakenstein Municipality is approximately 1,538km<sup>2</sup>. It ranges from South of the N1 freeway including Simondium and stretches to the North including Saron. The Klein Drakenstein, Limiet and Saron Mountains range from its Eastern Edge to the agricultural area immediately West of the R45 at its Western Border. The main municipal urban centres are Paarl and Wellington which are located in close proximity to the N1 in the South with smaller rural settlements at Saron and Gouda in the North and Hermon in the Mid-West.

### 3.1 Vision: “A city of excellence”

### Table 1: Total Population

\*\*\* Western Cape Department of Health 2020/2021

**Table 2: Socio Economic Status**

Socio Economic Status				
Year	Unemployment Rate	Proportion of Working Age Population in Low Skilled Employment	Gini Coefficient	Illiterate People Older Than 20 Years
2018/2019	23.0%	17.0%	0.601	15.74%
2019/2020	*14.2%	17.2%	0.603	16.83%
2020/2021	*20.1%	15.8%	0.605	17.12%

Source: Quantec 2021; HIS Markit 2021

\*Quantec data is regularly updated and figures may be different from those previously reported

**Table 3: Total Number of Households**

Households	2018/2019	2019/2020	2020/2021
Number of households in municipal area	72,210*	72,210*	74,230**
Number of registered indigent households in municipal area	19,805***	17,987***	21,218***

\*Statistics South Africa, 2016 Community Survey (Provinces at a Glance, Report 03-01-03)

\*\*2019/2020 Annual WSDP Performance- and Water Services Audit Report

\*\*\*Drakenstein Municipality Solar Report(18/19, 19/20, 20/21)

Note: For a more comprehensive socio-economic profile of the Drakenstein Municipality, please consult the Annual Report 2019/2020.

#### 4. Performance Management Overview

In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- Departmental operational plans were developed for monitoring and reporting operational programmes;
- An electronic performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the Executive Directors, CFO and the Accounting Officer; and
- During the development of the TL SDBIP and the Departmental SDBIP, the “SMART” principle is adhered to in the setting of indicators and objectives.



**Table 4: Performance Management System Checklist**

Performance Management Policy	All MSA s57/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Reporting to Council
✓	✓	✓	✓	✓	✓

#### 4.1 TL SDBIP

The Municipality's performance is evaluated by means of a Performance Scorecard (TL SDBIP) at organisational level and through the SDBIP at departmental levels.

The MFMA Circular No.13 prescribes that:

- The IDP and Budget must be aligned;
- The Budget must address the strategic priorities;
- The SDBIP should indicate what the Municipality is going to do during the next 12 months; and
- The SDBIP should form the basis of measuring the performance against goals set during the Budget/IDP processes.

The TL SDBIP was approved by the Executive Mayor on 25 June 2020.

The overall assessment of actual performance against targets set for the KPIs as documented in the SDBIP is illustrated in terms of the following assessment methodology:

**Table 5: Performance Assessment Criteria**

Colour	Rating	Category
	0	Not measured
	1	Unacceptable Performance
	2	Not fully Effective
	3	Fully Effective
	4	Above Expectation
	5	Outstanding Performance

The TL SDBIP (the Performance Scorecard) consolidates service delivery targets set by Council/Senior Management and provides an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. Components of the TL SDBIP includes a one-year detailed plan, and a three-year capital plan.

The necessary components include:

- Monthly projections of revenue to be collected for each source;
- Expected revenue to be collected not billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.






#### **4.2 Departmental SDBIP**

The Departmental SDBIP 2020/2021 provides a comprehensive picture of the performance per Department/Division/Section. It was compiled by the Executive Directors, CFO and Senior Managers for their Departments and consists of objectives, indicators and targets derived from the approved TL SDBIP 2020/2021.

### **5. Drakenstein Municipality Performance per KPA**

This Section of the Annual Performance Report reflects on the actual performance against the planned targets as derived from the Municipality's IDP. There are 7 KPAs reflected in the report.

**Table 6: Drakenstein Performance per Municipal KPA (01 July 2020 - 30 June 2021)**

Drakenstein Municipality		Municipal KPA						
		KPA 1: Good Governance	KPA 2: Financial Sustainability	KPA 3: Institutional Transformation	KPA 4: Physical Infrastructure and Services	KPA 5: Planning and Economic Development	KPA 6: Safety and Environmental Management	KPA 7: Social and Community Development
 Unacceptable Performance	0	-	-	-	-	-	-	-
 Not Fully Effective	2	-	0	-	2	-	-	-
 Fully Effective	16	3	3	2	6	1	1	-
 Above Expectation	6	-	2	1	2	-	-	1
 Outstanding Performance	8	-	4	-	3	1	-	-
<b>Total:</b>	<b>32</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>1</b>

## 5.1 Good Governance

KPA 1: GOOD GOVERNANCE													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL2	KPI113	To ensure good governance and the active participation of all relevant stakeholders	Submission of Audit Committee reports to Council	Number of quarterly Audit Committee reports submitted to Council	Audit Committee Reports- The Audit Committee’s report to Council which is drafted by the chairperson to report on the outcomes of the quarterly Audit Committee meetings.	4	4	4	4	4	G		
TL1	KPI004	To ensure good governance and the active participation of all relevant stakeholders	Investigation of all formally reported fraud, theft and corruption cases initiated	Percentage of formally reported fraud, theft and corruption cases initiated within 30 days of receipt	Initiate fraud investigations for cases that were formally reported to Fraud and Risk Management (FRM) section within 30 days from receipt.  Initiation date is the date that the CRO gives written instruction to the forensic investigator to start with the investigation.  Formally reported incidents are tip offs that were received through the hotline or where the FRM section was requested to conduct an investigation directly by the City Manager.		100%	100%	100%	100%	100%	G	

KPA 1: GOOD GOVERNANCE													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL3	KPI005	To ensure good governance and the active participation of all relevant stakeholders	IDP/Budget/SDF time schedule (process plan) submitted to Mayco/Council	Number of IDP/Budget/SDF time schedules (process plan) submitted to Mayco/Council by 31 August	IDP/Budget/SDF time schedules (process plan) submitted to Mayco/Council by 31 August	New KPI	1	1	1	1	G		

**Table 7: Summary of Results (KPA 1: Good Governance)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	3
	Above Expectation	0
	Outstanding Performance	0
<b>Total KPIs</b>		<b>3</b>

## 5.2 Financial Sustainability

KPA 2: FINANCIAL SUSTAINABILITY														
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance	
									Target	Actual	R			
TL4	KPI011	To ensure financial sustainability in order to meet the statutory requirements	Raise/Collect Operating Budget revenue as per approved budget	Percentage of Total Annual Operating Budget revenue raised/collected by 30 June	To calculate the percentage of actual operating revenue raised/received compared with the budgeted operating revenue as per the latest approved adjustments budget. Revenue raised refers to revenue billed and revenue collected refer to direct income received that was not billed.	97.24%	95%	95%	95%	98.87%	G2	There has been an increase in the property rates due to continuous implementation of supplementary valuations throughout the year.		
TL5	KPI015	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Submission of the MTREF (aligned to the IDP) to Council for approval by 31 May	Number of MTREFs submitted for approval to Council by 31 May	To compile and submit a 5-year Medium Term Revenue and Expenditure Framework (Capital and Operating Budget) for consideration by Council by 31 May 2020.		1 Approved MTREF	1	1	1	1	G		
TL6	KPI016	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Submission of the Adjustments Budget to Council for approval by 28 February	Number of Adjustments Budget submitted for approval to Council by 28 February	To compile and submit the 2019/2020 Adjustments Budget for consideration by Council by 28 February 2020.		1	1	1	1	1	G		

## KPA 2: FINANCIAL SUSTAINABILITY

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL7	KPI017	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Actual expenditure on the approved Capital Budget for the Municipality by 30 June (NKPI - MFMA, Reg. S10(c))	Percentage of approved Capital Budget actually spent by 30 June	To calculate the percentage of actual capital expenditure spent compared with the budgeted capital expenditure as per the latest approved adjustments budget.	87.50%	90%	90%	90%	92.72%	G2	The spending increased due to rates tenders being able to implement projects faster	
TL8	KPI020	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Ratio in respect of Debtor Payment Days (Collect all billed revenue to ensure that sufficient cash is generated to meet Drakenstein's debt and operating commitments)	Net Debtors Days Ratio ((Gross Debtors – Bad Debt Provision)/Billed Revenue) x 365 (Target Number of days), measured quarterly	To calculate and report on the Net Debtors Day Ratio as at year-end. The ratio represents the net outstanding debtors (gross debtors less bad debt provision) compared with the billed revenue at year end to indicate the time it takes to collect billed revenue.	46.50	≤50	≤50	≤50	41.66	B	Due to effective credit control measures, a debtors days ratio of below the annual target was achieved	

## KPA 2: FINANCIAL SUSTAINABILITY

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL9	KPI022	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Submission of the Annual Financial Statement (AFS) to the Auditor General of South Africa	Number of Annual Financial Statements (AFS) submitted to the Auditor General of South Africa by 31 August	To compile and submit 2020/2021 Annual Financial Statements to the Auditor General by 31 August.	1	1	1	1	1	G		
TL10	KPI023	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the available cash to cover fixed operating expenditure (NKPI Proxy - MFMA, Reg. S10(g)(iii))	Cost coverage ratio (Available cash + investments)/Monthly fixed operating expenditure, measured annually	To calculate and report on the Cost Coverage Ratio as at year-end. The ratio represents the available cash and cash equivalents as a factor in months compared within the monthly fixed operating expenditure (redemption on loans included).	0.94	>1.0 more than	>1.0 more than	>1.0 more than	1.59	B	Effective cash flow management, expenditure control, revenue enhancement and budgeting has ensured that the target has been achieved	



## KPA 2: FINANCIAL SUSTAINABILITY

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL11	KPI024	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations (NKPI Proxy - MFMA, Reg. S10(g)(i))	Debt coverage ratio ((Total operating revenue - operating grants received)/(Debt service payments due within the year)) measured annually	To calculate and report on the Debt Coverage Ratio as at year-end. The ratio represents total own revenue as a coverage factor of interest and redemption on external loans repayable at year-end.	14.58	>6.7 more than	>6.7 more than	>6.7 more than	11.62	B	Due to the restructuring of loans in prior years, the Municipality received a payment holiday on the current portion (redemption) of outstanding debt, thus decreasing the actual debt payments (interest and redemption) made during the year	
TL12	KPI025	To ensure the financial sustainability of the Municipality in order to fulfill the statutory requirements	Financial viability measured in terms of the outstanding service debtors (NKPI Proxy - MFMA, Reg. S10(g)(ii))	Service debtors to revenue ratio – (Total outstanding service debtors/revenue received for services) measured annually	To calculate and report on the Service Debtors to Revenue Ratio as at year-end. The Ratio represents total outstanding debtors as a factor of total billed revenue as at year-end.	0.19	<0.25 less than	<0.25 less than	<0.25 less than	0.18	B	Due to effective credit control measures, a service debtors to revenue ratio of below the annual target was achieved	

**Table 8: Summary of Results (KPA 2: Financial Sustainability)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	3
	Above Expectation	2
	Outstanding Performance	4
<b>Total KPIs</b>		<b>9</b>

### 5.3 Institutional Transformation

KPA 3: INSTITUTIONAL TRANSFORMATION													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL13	KPI026	To transform the municipality into an effective and efficient organization	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a Municipality’s approved employment equity plan reports (NKPI Proxy - MFMA, Reg. S10(e))	Number of reports on the number of people from employment equity groups employed in the three highest levels of management submitted to the City Manager by 30 November and 30 June	To appoint Employment Equity targets on the three levels of management in compliance with the approved Employment Equity Plan. The City Manager and the Executive Directors will be regarded as the first line of management, managers and senior managers reporting to Executive Directors will be regarded as the second management level and those reporting to them as the third level.	2	2	2	2	2	G		
TL14	KPI116	To transform the municipality into an effective and efficient organization	The percentage of the Municipality’s budget actually spent on implementing its workplace skills plan (NKPI Proxy - MFMA, Reg. S10(f))	Percentage of the Municipality’s approved workplace skills budget actually spent on implementing its Workplace Skills Plan by 30 June	The Workplace Skills Budget is an amount appropriated annually in the municipal budget actually spent on implementing its Workplace Skills Plan by 30 June	53.51%	98%	98%	98%	100%	G2	A concerted effort was made to increase SAETA discretionary funding over and above the mandatory grants to supplement the funding provided in the budget	

### KPA 3: INSTITUTIONAL TRANSFORMATION

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL15	KPI030	To transform the municipality into an effective and efficient organization	Submission of the Mid-Year MFMA S72 Performance Report to the Mayor	Number of Mid-Year MFMA S72 Performance Reports submitted to the Mayor by 25 January	The Municipal Finance Management Act (MFMA), no 56 of 2003, S72 prescribes that the Municipality must submit to the Mayor a Mid-year Budget and Performance Assessment Report. This KPI is drafted to give effect to S72 of the MFMA.	1	1	1	1	1	G		

**Table 9: Summary of Results (KPA 3: Institutional Transformation)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	2
	Above Expectation	1
	Outstanding Performance	0
<b>Total KPIs</b>		<b>3</b>

## 5.4 Physical Infrastructure and Services

KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL16	KPI118	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Limit water network losses to less than 19% measured annually (Difference between water units supplied and water units billed as percentage of water supplied)	Average percentage water losses by 30 June	Measure water losses by: the difference between water purchased plus water from own source and water sold. Water losses consists of physical losses and commercial losses (also known as real losses and apparent losses).	16.92%	<19%	<19%	<19%	14.3%	B	Improved water management controls have been implemented and new water pressure reduction valves have been installed.	
TL17	KPI119	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Water quality managed and measured quarterly i.e. the SANS 241 physical and micro parameters	Percentage water quality level as per analysis certificate measured quarterly	Measure potable drinking water sample pass rate according to SANS 241 standards.	97.83%	90%	90%	90%	98.43%	G2	Strict process controls have been implemented diligently as well as appointed external service provider that provides independent water tests	
TL18	KPI120	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Waste water quality managed and measured quarterly i.e. the SANS Accreditation physical and micro parameters	Percentage waste water quality compliance as per analysis certificate measured quarterly	Measure of wastewater samples pass rates according to SANS standards	82.43%	75%	75%	75%	81.63%	G2	Stricter process controls have been implemented diligently	
TL19	KPI047	To provide and maintain the required physical infrastructure and to ensure	Submission of a Solid Waste Available Air Space Report to the Mayoral Committee	Number of Solid Waste available Air Space Reports submitted to	Available landfill airspace is determined by: Analysing/Investigating the available airspace by performing an on-site investigation or desktop profile study.	1	1	1	1	1	G		

#### KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
		sustainable and affordable services		the Mayoral Committee by 30 June	Compare the current findings with the previous analysis to determine any changes. Calculate and report on the available landfill airspace by indicating when the landfill facility will reach its full capacity.								
TL20	KPI037	To provide and maintain the required physical infrastructure and to ensure sustainable and affordable services	Limit the electricity losses to less than 10% annually (Average energy purchased to date - Average energy sold to date)/(Average energy purchased to date) X 100 = Average energy losses for reporting period	Percentage average electricity losses by 30 June	Average electricity losses are measured by percentage ratio between electrical energy sold by the municipality and electrical energy purchased.	2.93%	<10%	<10%	<10%	7.53%	B	The department Electro-technical services meters every unit consumed by the Drakenstein municipality and its consumers. Subsequent meter audits are performed as well.	
TL23	KPI107	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Percentage of formal households with access to basic level of electricity measured quarterly	Formal households in urban area of Drakenstein Municipality's Management Area that are provided with an electricity connection point (prepaid or conventional) inside the formal erven.	100%	100%	100%	100%	100%	G		
TL24	KPI108	To plan and facilitate sustainable and inclusive	Provision of basic service delivery to Drakenstein Residents	Percentage of formal households with access to basic level of	Formal households are defined as consumer unit located in the urban area	100%	100%	100%	100%	100%	G		

#### KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
		economic growth and development	(NKPI Proxy - MFMA, Reg. S10(a))	sanitation measured quarterly	and billed by Drakenstein Municipality. The access of the basic level of sanitation is waterborne sewer connections point inside each of the formal erven or a conservancy.								
TL25	KPI109	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy indicator - S10(a))	Percentage of formal households with access to basic level of water measured quarterly	Formal households are defined as consumer unit located in the urban area and billed by Drakenstein Municipality. The access of the basic services level of water is the provision if the point inside of each of the formal erven.	100%	100%	100%	100%	100%	G		
TL26	KPI110	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy indicator - S10 (a))	Percentage of formal households with access to basic level solid waste removal measured quarterly	Formal households are defined as consumer unit located in the urban area and billed by Drakenstein Municipality. The access of basic level of solid waste removal is the provision if solid waste removal services for the formal erven. This service is delivered weekly as a curbside collection, using 240 litre wheelie bins	100%	100%	100%	100%	100%	G		
TL27	KPI111	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new electricity connections installed in the registered informal settlements	A registered informal settlement exists when there is no formal township establishment and occupants have moved in illegally without having the permission/right to	305	70	70	70	180	B	Due to additional savings on both materials and labour, additional connections could be made.	

#### KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
					occupy the land. This indicator reflects the number of informal households with new electricity connections-prepaid meters.								
TL28	KPI112	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new/upgraded sanitation service points (toilets) provided to registered informal settlements by 30 June	A registered informal settlement exists when there is no formal township establishment and occupants have moved in illegally without having the permission/right to occupy the land. This indicator reflects the number of new sanitation points (toilets) constructed.	60	30	30	30	20	0	The contractor ran into financial constraints and could not complete the construction of the toilets within the 2020/2021 financial year.	The new contractor has been appointed and the allocated funds will be rolled over to the 2021/22 financial year.
TL29	KPI113	To plan and facilitate sustainable and inclusive economic growth and development	Provision of basic service delivery to Drakenstein Residents (NKPI Proxy - MFMA, Reg. S10(a))	Number of new/upgraded water service points (taps) provided to registered informal settlements by 30 June	A registered informal settlement exists when there is no formal township establishment and occupants have moved in illegally without having the permission/right to occupy the land. This indicator reflects the number of water service points (taps) provided.	10	6	6	6	4	0	The contractor ran into financial constraints and could not complete the construction of the taps within the 2020/2021 financial year.	The new contractor has been appointed and the allocated funds will be rolled over to the 2021/22 financial year.
TL30	KPI114	To plan and facilitate sustainable and inclusive	Provision of basic service delivery to Drakenstein Residents	Number of registered informal settlements receiving refuse collection services	A registered informal settlement exists when there is no formal township establishment. These groups of informal erected structures are	41	41	41	41	41	G		



#### KPA 4: PHYSICAL INFRASTRUCTURE AND SERVICES

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
		economic growth and development	(NKPI Proxy - MFMA, Reg. S10(a))		registered by the Planning Department as an informal settlement.								

**Table 10: Summary of Results (KPA 4: Physical Infrastructure and Services)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	2
	Fully Effective	6
	Above Expectation	2
	Outstanding Performance	3
<b>Total KPIs</b>		<b>13</b>

## 5.5 Planning and Economic Development

KPA 5: PLANNING AND ECONOMIC DEVELOPMENT													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance Comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL21	KPI053	To plan and facilitate sustainable and inclusive economic growth and development	Job creation through the Municipality’s local economic development initiatives including capital projects (NKPI Proxy – MFMA, Reg. S10(d))	Number of EPWP job opportunities created by 30 June	The Expanded Public Works Programme (EPWP) is funded through grant funding from the National Department of Transport and Public Works and Drakenstein Municipality own funds. The EPWP defines Job Opportunities in terms of work opportunities (W) and full time equivalent of job opportunities are the number of contracts entered into for unskilled labour.	1026	1800	1800	1800	2487	B	The sourcing and appointment of ward projects have been included in the EPWPs scope of work and have subsequently been reported on the National Department of Transport and Public Works’ database.	
TL22	KPI115	To plan and facilitate sustainable and inclusive economic growth and development	Updating of the Indigent Register (NKPI Proxy - MFMA, Reg. S10(a))	Percentage of all qualifying indigent applications processed by 30 June	To report on the number of qualifying indigent applications that have been processed for the 2019/2020 financial year.	100%	100%	100%	100%	100%	G		

**Table 11: Summary of Results (KPA 5: Planning and Economic Development)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	1
	Above Expectation	0
	Outstanding Performance	1
<b>Total KPIs</b>		<b>2</b>

## 5.6 Safety and Environmental Management

KPA 6: SAFETY AND ENVIRONMENTAL MANAGEMENT													
Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL31	KPI085	To ensure a safe community and a healthy and protected environment	Submission of the Final Air Quality Bylaw to the Portfolio Committee (Planning and Development)/Mayco	Number of Final Air Quality Bylaw submitted to the Portfolio Committee (Planning and Development)/Mayco by 31 March	The current Prevention of Atmospheric Pollution Bylaw needs to be updated to be aligned with amendments that were made to legislation. The bylaw will provide for air quality management and reasonable measures to prevent air pollution in the municipal area.	New KPI	1	1	1	1	G		

**Table 12: Summary of Results (KPA 6: Safety and Environmental Management)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	1
	Above Expectation	0
	Outstanding Performance	0
<b>Total KPIs</b>		<b>1</b>

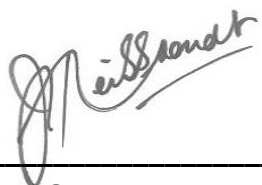
## 5.7 Social and Community Development

### KPA 7: SOCIAL AND COMMUNITY DEVELOPMENT

Ref	IDP Ref	Strategic Objective	KPI	Unit of Measurement	Description of KPI and Unit of Measurement	Previous Year Actual Performance	Annual Target	Revised Target	Overall Performance from 01 July 2020 to 30 Jun 2021			Performance comments (under and/or over performance)	Improvement Plan(s) to Correct Under Performance
									Target	Actual	R		
TL32	KPI092	To facilitate social and community development	Provision of housing opportunities in terms of the Integrated Human Settlement Plan and in accordance with the Human Settlements Grant	Number of housing opportunities provided in terms of the Integrated Human Settlement Plan and in accordance with the Human Settlements Grant by 30 June	<p>Housing Opportunity refers to the delivery of:</p> <p>Top structures provided by the Municipality for which happy letters has been signed off by a project beneficiary with occupation of his or her house;</p> <p>Top structures provided by a housing partner for which the defect letter has been signed off by the project beneficiary with occupation of his or her house; and</p> <p>Provision of a serviced site only (No top structure to follow);</p>	50	350	350	350	357	G2	The Schoongezicht housing opportunity site provided more opportunities to the relocated families than initially planned.	

**Table 13: Summary of Results (KPA 7: Social and Community Development)**

	Not Measured	0
	Unacceptable Performance	0
	Not Fully Effective	0
	Fully Effective	0
	Above Expectation	1
	Outstanding Performance	0
<b>Total KPIs</b>		<b>1</b>



**DR JOHAN LEIBBRANDT**  
**ACCOUNTING OFFICER**

**DATE: 31 August 2021**